

SENATE BILL NO. 129

INTRODUCED BY TURNAGE, NORMAN

IN THE SENATE

| | |
|-------------------|--|
| January 14, 1981 | Introduced and referred to Committee on Public Health, Welfare, and Safety. |
| February 21, 1981 | Committee recommend bill do pass as amended. Report adopted. |
| February 23, 1981 | Bill printed and placed on members' desks. |
| February 24, 1981 | Motion pass consideration. |
| February 25, 1981 | Second reading, do pass as amended. |
| | On motion rules suspended. Bill placed on calendar for third reading this day. |
| | Third reading, passed. Ayes, 49; Noes, 0. Transmitted to House. |

IN THE HOUSE

| | |
|----------------|--|
| March 2, 1981 | Introduced and referred to Committee on Business and Industry. |
| March 27, 1981 | Committee recommend bill be concurred in as amended. Report adopted. |
| March 30, 1981 | Second reading, concurred in. |
| | On motion rules suspended and bill placed on third reading this day. |

March 30, 1981

On motion rules suspended and bill allowed to be transmitted on 71st legislative day. Motion adopted.

March 31, 1981

Third reading, concurred in as amended. Ayes, 87; Noes, 8.

IN THE SENATE

April 1, 1981

Returned from House with amendments.

April 3, 1981

Second reading, pass consideration.

April 4, 1981

On motion, consideration be passed for the day.

April 9, 1981

Second reading, amendments not concurred in.

April 10, 1981

On motion Free Conference Committee requested.

April 11, 1981

Free Conference Committee appointed.

April 23, 1981

Free Conference Committee reported.

Second reading, Free Conference Committee report adopted.

Third reading, Free Conference Committee report adopted. Ayes, 47; Noes, 0. Transmitted to House.

IN THE HOUSE

April 23, 1981

Free Conference Committee report adopted.

IN THE SENATE

April 23, 1981

Returned from House. Sent
to enrolling.

Reported correctly enrolled.

1 Senate BILL NO. 1039
2 INTRODUCED BY George Norman
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT REGULATING CONVERSIONS
5 OF GROUP LIFE INSURANCE AND GROUP DISABILITY INSURANCE AND
6 PROVIDING FOR CONTINUATION OF GROUP COVERAGE UNDER CERTAIN
7 CIRCUMSTANCES; AMENDING SECTIONS 33-20-1209 AND 33-20-1210,
8 MCA; AND PROVIDING AN EFFECTIVE DATE."

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

11 Section 1. Section 33-20-1209, MCA, is amended to

12 read:

13 *33-20-1209. Conversion on termination of eligibility.
14 111 The group life insurance policy shall contain a
15 provision that if the insurance or any portion of it on a
16 person covered under the policy ceases because of
17 termination of employment or of membership in the class or
18 classes eligible for coverage under the policy, such person
19 shall be entitled to have issued to him by the insurer,
20 without evidence of insurability, an individual policy of
21 life insurance ~~without--disability--or--other--supplementary~~
22 ~~benefits,~~ provided application for the individual policy
23 shall be made and the first premium paid tendered to the
24 insurer within 31 days after such termination ~~written notice~~
25 by the insurer to the insured of the insured's right of

conversion and pending termination of coverage, and provided further that:

~~titl~~ the individual policy shall, at the option of such person, be on any one of the forms, except including but not limited to term insurance, then customarily issued by the insurer ~~at-the-age-and-for-the-amount-applied-for~~ and shall offer benefits at least equal to those under the group coverage;

~~titl~~ the individual policy shall, at the option of the insured, be in an amount not in excess of the amount of life insurance which ceases because of such termination, ~~less-the-amount-of-any-life-insurance-for-which-such-person is--or--becomes-eligible-under-any-other-group-policy-within 90-days-after-such-termination,~~ provided that any amount of insurance which shall have matured on or before the date of such termination as an endowment payable to the person insured, whether in one sum or in installments or in the form of an annuity, shall not, for the purposes of this provision, be included in the amount which is considered to cease because of such termination; and

~~titl~~ the premium on the individual policy shall be at the insurer's then customary rate applicable to the form ~~and-amount-of-the-individual-policy,-to-the-class-of-risk-to which-such-person-then-belongsy-and-to-his-age--attained--on the-effective-date~~ other members of the group and the amount

1 of the individual policy.

2 (2) With the consent of the employer, a person covered
 3 under a group life insurance policy issued to an employer or
 4 to the trustees of a fund established by an employer under
 5 33-20-1101 may continue his coverage under the group policy
 6 after termination of his qualifying employment or after
 7 reduction of his regular work schedule to less than the
 8 minimum number of hours required for eligibility for
 9 membership. The premium charged for the continued coverage
 10 shall be equal to that charged other members of the group.
 11 Such person's coverage under the group will cease if he
 12 subsequently becomes eligible and he elects coverage under
 13 another group policy because of employment elsewhere."

14 Section 2. Section 33-20-1210, MCA, is amended to
 15 read:

16 "33-20-1210. Conversion on termination of policy. The
 17 group life insurance policy shall contain a provision that
 18 if the group policy terminates or is amended so as to
 19 terminate the insurance of any class of insured persons,
 20 every person insured thereunder at the date of such
 21 termination whose insurance terminates and who has been so
 22 insured for at least 5--years 1--year prior to such
 23 termination date shall be entitled to have issued to him by
 24 the insurer an individual policy of life insurance, subject
 25 to in the same amount of insurance and under the same

1 conditions and limitations as are provided by 33-20-1209,
 2 except that the group policy may shall provide that the
 3 amount of such individual policy shall not--exceed--the
 4 smatter--off

5 tit be offered by the insurer in the amount of the
 6 person's life insurance protection ceasing because of the
 7 termination or amendment of the group policy--less--the
 8 amount--of--any--life--insurance--for--which--he--is--or--becomes
 9 eligible--under--any--group--policy--issued--or--reinstated--by--the
 10 same--or--another--insurer--within--30--days--after--such
 11 termination--and

12 (2)--\$2,000."

13 NEW SECTION. Section 3. Conversion on disbanding of
 14 group. The group disability insurance policy shall contain a
 15 provision that if the coverage under the policy ceases
 16 because of disbanding of the group, each person insured
 17 because of his employment in the group shall be entitled to
 18 have issued to him by the insurer, without evidence of
 19 insurability, an individual policy of disability insurance
 20 covering himself and his dependents or family members
 21 covered under the group, provided:

22 (1) application for the individual policy is made and
 23 the first premium tendered to the insurer within 31 days
 24 after written notice by the insurer to the insured of the
 25 insured's right to conversion of coverage and of pending

1 termination; and

2 (2) the individual policy shall offer benefits at
3 least equal to those under the group coverage terminated by
4 the disbanding; and

5 (3) the premium on the individual policy shall be at
6 the insurer's then customary rates applicable to the group's
7 existing amount of individual policy and the class of risk
8 of the person insured under the group.

9 NEW SECTION Section 4. Continuing group coverage
10 after termination. A person covered by a group disability
11 insurance policy issued under 33-22-501(1) may, with the
12 consent of the employer or the trustees, continue coverage
13 under group disability policy after terminating his
14 qualifying employment or after reducing his regular work
15 schedule to less than the minimum time required to qualify
16 for membership in the group, and the premium charged him
17 shall be equal to that charged other members of the group of
18 the same risk class.

19 NEW SECTION Section 5. Conversion on termination of
20 group contract. (1) A group hospital or medical service plan
21 contract in effect by a health service corporation after
22 July 1, 1981, shall contain a provision that if the coverage
23 under the contract ceases because of disbanding of the
24 group, each person covered because of his employment in the
25 group shall be entitled to have issued to him by the health

1 service corporation, without evidence of insurability, an
2 individual hospital or medical service plan contract
3 covering himself and his dependents or family members
4 covered under the group, provided application for the
5 individual contract is made and the first premium tendered
6 to the health service corporation within 31 days after
7 written notice by the insurer to the insured of the
8 insured's right to conversion.

9 (2) The individual contract shall provide benefits
10 equal to those under the group contract terminated by the
11 disbanding.

12 (3) The premium on the individual contract shall be at
13 the insurer's then customary rates applicable to the form
14 and the amount of the individual contract and the class of
15 risk of the person covered but in no case more than 5%
16 greater than the group premium charged for like benefits
17 under the group contract.

18 NEW SECTION Section 6. Continuing group coverage
19 after termination. A person covered by a group hospital or
20 medical service plan contract, issued by a health service
21 corporation after July 1, 1981, may, with the consent of the
22 employer or the trustees, continue coverage under the group
23 contract after terminating his qualifying employment or
24 after reducing his regular work schedule to less than the
25 minimum time required to qualify for membership in the

1 group, and the premium charged him shall be equal to that
2 charged the members of the group.

3 NEW SECTION. Section 7. Conversion on termination of
4 eligibility. The group hospital or medical service plan
5 contract in effect by a health service corporation after
6 July 1, 1981, shall contain a provision that if the
7 insurance or any portion of it on a person, his dependents,
8 or family members covered under the policy ceases because of
9 termination of his employment or of his membership in the
10 class or classes eligible for coverage under the policy,
11 such person shall be entitled to have issued to him by the
12 insurer, without evidence of insurability, an individual
13 policy of hospital or medical service insurance on himself,
14 his dependents, or family members, provided application for
15 the individual policy shall be made and the first premium
16 tendered to the insurer within 31 days after written notice
17 by the insurer to the insured of the insured's right of
18 conversion and pending termination of group coverage.

19 (1) The individual policy shall, at the option of such
20 person, be on any of the forms then customarily issued by
21 the insurer, and shall offer benefits at least equal to
22 those under the group coverage.

23 (2) The individual policy shall, at the option of the
24 insured, be in an amount not in excess of the amount of
25 insurance which ceases because of such termination.

1 (3) The premium on the individual policy shall be at
2 the insurer's then customary rate applicable to the other
3 members of the group and the coverage of the individual
4 policy.

5 Section 8. Severability. If a part of this act is
6 invalid, all valid parts that are severable from the invalid
7 part remain in effect. If a part of this act is invalid in
8 one or more of its applications, the part remains in effect
9 in all valid applications that are severable from the
10 invalid applications.

11 Section 9. Codification instruction. (1) Sections 3
12 and 4 are intended to be codified as integral parts of Title
13 33, chapter 22, part 5, and provisions of Title 33, chapter
14 22, apply to sections 3 and 4.

15 (2) Sections 5 through 7 are intended to be codified
16 as integral parts of Title 33, chapter 30, part 10, and
17 provisions of Title 33, chapter 22, and of Title 33, chapter
18 30, apply to sections 5 through 7.

19 Section 10. Effective date. This act is effective July
20 1, 1981.

-End-

Approved by the committee on
Public Health, Welfare & Safety

1 SENATE BILL NO. 129

2 INTRODUCED BY TURNAGE, NORMAN

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT REGULATING CONVERSIONS
5 OF GROUP LIFE INSURANCE AND GROUP DISABILITY INSURANCE AND
6 PROVIDING FOR CONTINUATION OF GROUP COVERAGE UNDER CERTAIN
7 CIRCUMSTANCES; AMENDING SECTIONS 33-20-1209 AND 33-20-1210,
8 MCA; AND PROVIDING AN EFFECTIVE DATE."

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

11 Section 1. Section 33-20-1209, MCA, is amended to
12 read:

13 "33-20-1209. Conversion on termination of eligibility.
14 11 The group life insurance policy shall contain a
15 provision that if the insurance or any portion of it on a
16 person covered under the policy ceases because of
17 termination of employment or of membership in the class or
18 classes eligible for coverage under the policy, such person
19 shall be entitled to have issued to him by the insurer,
20 without evidence of insurability, an individual policy of
21 life insurance ~~without--disability--or--other--supplementary~~
22 benefits; provided application for the individual policy
23 shall be made and the first premium paid tendered PAID to
24 the insurer within 31 days after such-termination written
25 notice SUCH TERMINATION by-the-insurer-to-the-insured--ef

1 the insured's right of conversion and pending termination of
2 coverage, and provided further that:
3 t3(a) the individual policy shall, at the option of
4 such person, be on any one of the forms, except including
5 but not limited to term insurance, IF THE GROUP POLICY SO
6 PROVIDES, then customarily issued by the insurer at-the-age
7 and-for-the-amount-applied-for AT THE AGE AND FOR THE AMOUNT
8 APPLIED FOR and shall offer benefits at least equal to those
9 under the group coverage;
10 t3(b) the individual policy shall, at the option of
11 the insured, be in an amount not in excess of the amount of
12 life insurance which ceases because of such termination,
13 less-the-amount-of-any-life-insurance-for-which-such-person
14 is--or--becomes--eligible--under--any--other--group--policy--within
15 31--days--after--such--termination, LESS THE AMOUNT OF ANY LIFE
16 INSURANCE FOR WHICH SUCH PERSON IS INSURED UNDER ANY OTHER
17 GROUP POLICY WITHIN 31 DAYS AFTER SUCH TERMINATION, provided
18 that any amount of insurance which shall have matured on or
19 before the date of such termination as an endowment payable
20 to the person insured, whether in one sum or in installments
21 or in the form of an annuity, shall not, for the purposes of
22 this provision, be included in the amount which is
23 considered to cease because of such termination; and
24 t3(c) the premium on the individual policy shall be
25 at the insurer's then customary rate applicable to the form

1 and amount of the individual policy to the class of risk to
 2 which such person then belongs, and to his age attained on
 3 the effective date other members of the group and the amount
 4 FORM AND AMOUNT OF THE INDIVIDUAL POLICY, TO THE CLASS OF
RISK TO WHICH SUCH PERSON THEN BELONGS, AND TO HIS AGE
ATTAINED ON THE EFFECTIVE DATE of the individual policy.

7 121. With the consent of the employer, a person covered
 8 under a group life insurance policy issued to an employer or
to the trustees of a fund established by an employer under
 9 33-20-1101 may continue his coverage under the group policy
after termination of his qualifying employment or after
 10 DURING HIS EMPLOYMENT NOTWITHSTANDING reduction of his
 11 regular work schedule to less than the minimum number of
 12 hours required for eligibility for membership. The premium
 13 charged for the continued coverage shall be equal to that
 14 charged other members of the group. Such person's coverage
 15 under the group will cease if he subsequently becomes
 16 eligible and he elects for coverage under another group
 17 policy because of employment elsewhere."

20 Section 2. Section 33-20-1210, MCA, is amended to
 21 read:

22 "33-20-1210. Conversion on termination of policy. The
 23 group life insurance policy shall contain a provision that
 24 if the group policy terminates or is amended so as to
 25 terminate the insurance of any class of insured persons,

1 every person insured thereunder at the date of such
 2 termination whose insurance terminates and who has been so
 3 insured for at least 5 years ~~1 year~~ 3 YEARS prior to such
 4 termination date shall be entitled to have issued to him by
 5 the insurer an individual policy of life insurance, subject
 6 to ~~in the same amount of insurance and under~~ SUBJECT TO the
 7 same conditions and limitations as are provided by
 8 33-20-1209, except that the group policy may ~~shall~~ MAY
 9 provide that the amount of such individual policy ~~shall~~ MAY
 10 not exceed the smaller of ~~+ NOT EXCEED THE SMALLER OF:~~
 11 ~~plus~~ be offered by the insurer in the amount of the
 12 person's life insurance protection ceasing because of the
 13 termination or amendment of the group policy, less the
 14 amount of any life insurance for which he is or becomes
 15 eligible under any group policy issued or reinstated by the
 16 same or another insurer within 30 days after such
 17 termination and less the amount of any life insurance for
 18 which he is or becomes eligible under any group policy
 19 issued or reinstated by the same or another insurer within
 20 31 days after such termination; and
 21 ~~+2121 \$2,000 \$10,000."~~
 22 NEW SECTION--Section 3--Conversion--on--disbanding--of
 23 groups--the group disability insurance policy shall contain
 24 a provision that if the coverage under the policy ceases
 25 because of disbanding of the group each person insured

1 because--of-his-employment-in-the-group-shall-be-entitled-to
 2 have-issued-to-him--by--the--insurer--without--evidence--of
 3 insurability--an--individual-policy-of-disability-insurance
 4 covering--himself--and--his--dependents--or--family--members
 5 covered-under-the-group--provided+

6 (1)--application--for-the-individual-policy-is-made-and
 7 the-first-premium-tendered-to-the--insurer--within--31--days
 8 after--written--notice--by-the-insurer-to-the-insured-of-the
 9 insured's-right-to-conversion-of--coverage--and--of--pending
 10 terminations-and

11 (2)--the--individual--policy--shall--offer--benefits-at
 12 least-equal-to-those-under-the-group-coverage-terminated--by
 13 the-disbanding--and

14 (3)--the--premium--on-the-individual-policy-shall-be-at
 15 the-insurer's-then--customary-rates-applicable-to-the-group's
 16 existing-amount-of-individual-policy-and-the-class--of--risk
 17 of-the-person-insured-under-the-group--

18 NEW SECTION. Section 3. Continuing group coverage
 19 after termination. A person covered by a group disability
 20 insurance policy issued OR RENEWED AFTER OCTOBER 1, 1981
 21 under 33-22-501(1) may, FOR A PERIOD OF 1 YEAR, with the
 22 consent of the employer or the trustees, continue coverage
 23 under group disability policy after---terminating---his
 24 qualifying--employment--or after reducing his regular work
 25 schedule to less than the minimum time required to qualify

1 for membership in the group, and the premium charged him
 2 shall be equal to that charged other members of the group of
 3 the same risk class.

4 NEW SECTION--Section 5--Conversion-on-termination--of
 5 group--contract--(1)--a--group-hospital-or-medical-service
 6 plan-contract-in-effect--by--a--health--service--corporation
 7 after--duly--is--1981--shall--contain-a-provision--that--if--the
 8 coverage--under--the--contract--ceases--because--of--disbanding--of
 9 the--group--each--person--covered--because--of--his--employment--in
 10 the--group--shall--be--entitled--to--have--issued--to--him--by--the
 11 health--service--corporation--without--evidence--of
 12 insurability--an--individual--hospital--or--medical--service--plan
 13 contract--covering--himself--and--his--dependents--or--family
 14 members--covered--under--the--group--provided--application--for
 15 the--individual--contract--is--made--and--the--first--premium
 16 tendered--to--the--health--service--corporation--within--31--days
 17 after--written--notice--by--the--insurer--to--the--insured--of--the
 18 insured's-right-to-conversion--

19 (2)--the--individual--contract--shall--provide--benefits
 20 equal-to-those-under-the-group-contract--terminated--by--the
 21 disbanding--

22 (3)--the--premium--on-the-individual-contract--shall--be-at
 23 the--insurer's--then--customary--rates--applicable--to--the--form
 24 and--the--amount--of--the--individual--contract--and--the--class--of
 25 risk--of--the--person--covered--but--in--no--case--more--than--5%

1 greater-than-the-group-premium--charged--for--the--benefits
 2 under-the-group-contracts.

3 NEW SECTION. SECTION 4. CONVERSION ON TERMINATION OF
 4 ELIGIBILITY. (1) A GROUP DISABILITY INSURANCE POLICY ISSUED
 5 OR RENEWED AFTER OCTOBER 1, 1981, SHALL CONTAIN A PROVISION
 6 THAT IF THE INSURANCE OR ANY PORTION OF IT ON A PERSON, HIS
 7 DEPENDENTS, OR FAMILY MEMBERS COVERED UNDER THE POLICY
 8 CEASES BECAUSE OF TERMINATION OF HIS EMPLOYMENT OR OF HIS
 9 MEMBERSHIP IN THE CLASS OR CLASSES ELIGIBLE FOR COVERAGE
 10 UNDER THE POLICY, OR AS A RESULT OF HIS EMPLOYER
 11 DISCONTINUING HIS BUSINESS, SUCH PERSON SHALL, PROVIDED HE
 12 HAD BEEN INSURED FOR A PERIOD OF 3 MONTHS, BE ENTITLED TO
 13 HAVE ISSUED TO HIM BY THE INSURER, WITHOUT EVIDENCE OF
 14 INSURABILITY, AN INDIVIDUAL POLICY OF HOSPITAL OR MEDICAL
 15 SERVICE INSURANCE ON HIMSELF, HIS DEPENDENTS, OR FAMILY
 16 MEMBERS, PROVIDED APPLICATION FOR THE INDIVIDUAL POLICY
 17 SHALL BE MADE AND THE FIRST PREMIUM TENDERED TO THE INSURER
 18 WITHIN 31 DAYS AFTER THE TERMINATION OF GROUP COVERAGE.

19 (2) THE INDIVIDUAL POLICY, AT THE OPTION OF THE
 20 INSURER, SHALL BE ON ANY OF THE FORMS THEN CUSTOMARILY
 21 ISSUED BY THE INSURER TO INDIVIDUAL POLICYHOLDERS WITH THE
 22 EXCEPTION OF THOSE POLICIES WHOSE ELIGIBILITY IS DETERMINED
 23 BY AFFILIATION OTHER THAN BY EMPLOYMENT WITH A COMMON
 24 ENTITY.

25 (3) THE PREMIUM ON THE INDIVIDUAL POLICY SHALL BE AT

1 THE INSURER'S THEN CUSTOMARY RATE APPLICABLE TO THE COVERAGE
 2 OF THE INDIVIDUAL POLICY.

3 NEW SECTION. Section 5. Continuing group coverage
 4 after termination. A person covered by a group hospital or
 5 medical service plan contract, issued OR RENEWED by a health
 6 service corporation after OCTOBER 1, 1981, may, FOR A
 7 PERIOD OF 1 YEAR with the consent of the employer or the
 8 trustees, continue coverage under the group contract after
 9 terminating-his-qualifying-employment-or after reducing his
 10 regular work schedule to less than the minimum time required
 11 to qualify for membership in the group, and the premium
 12 charged him shall be equal to that charged the members of
 13 the group.

14 NEW SECTION. Section 6. Conversion on termination of
 15 eligibility. The group hospital or medical service plan
 16 contract in--effect ISSUED OR RENEWED by a health service
 17 corporation after OCTOBER 1, 1981, shall contain a
 18 provision that if the insurance or any portion of it on a
 19 person, his dependents, or family members covered under the
 20 policy ceases because of termination of his employment or of
 21 his membership in the class or classes eligible for coverage
 22 under the policy OR AS A RESULT OF AN EMPLOYER DISCONTINUING
 23 HIS BUSINESS, such person shall, PROVIDED HE HAS BEEN
 24 INSURED FOR A PERIOD OF 3 MONTHS, be entitled to have issued
 25 to him by the insurer, without evidence of insurability, an

1 individual policy of hospital or medical service insurance
 2 on himself, his dependents, or family members, provided
 3 application for the individual policy shall be made and the
 4 first premium tendered to the insurer within 31 days after
 5 written--notice--by--the--insurer--to--the--insured--of--the
 6 insured's-right-of-conversion-and-pending THE termination of
 7 group coverage.

8 (1) The individual policy shall, at the option of such
 9 person THE INSURED, be on any of the forms then customarily
 10 issued by the insurer TO INDIVIDUAL POLICYHOLDERS WITH THE
EXCEPTION OF THOSE WHOSE ELIGIBILITY IS DETERMINED BY THEIR
AFFILIATION OTHER THAN BY EMPLOYMENT WITH A PARTICULAR
ENTITY, and shall offer benefits at least equal to those
 14 under the group coverage SUCH INDIVIDUAL POLICIES.

15 ~~(2) The individual policy shall, at the option of the
 16 insured, be in an amount not in excess of the amount of
 17 insurance which ceases because of such termination.~~

18 ~~(3) (2) The premium on the individual policy shall be
 19 at the insurer's then customary rate applicable to the other
 20 members-of-the-group-and the coverage of the individual
 21 policy.~~

22 Section 7. Severability. If a part of this act is
 23 invalid, all valid parts that are severable from the invalid
 24 part remain in effect. If a part of this act is invalid in
 25 one or more of its applications, the part remains in effect

1 in all valid applications that are severable from the
 2 invalid applications.

3 Section 8. Codification instruction. (1) Sections 3,
 4 and 4, AND 5 are intended to be codified as integral parts
 5 of Title 33, chapter 22, part 5, and provisions of Title 33,
 6 chapter 22, apply to sections 3, and 4, AND 5.

7 (2) Sections 5--through 6, AND 7 are intended to be
 8 codified as integral parts of Title 33, chapter 30, part 10,
 9 and provisions of ~~Title-33--chapter-22--and--of~~ Title 33,
 10 chapter 30, apply to sections 5--through 6, AND 7.

11 Section 9. Effective date. This act is effective July
 12 1, 1981.

-End-

SENATE BILL NO. 129
INTRODUCED BY TURNAGE, NORMAN

4 A BILL FOR AN ACT ENTITLED: "AN ACT REGULATING CONVERSIONS
5 OF GROUP LIFE INSURANCE AND GROUP DISABILITY INSURANCE AND
6 PROVIDING FOR CONTINUATION OF GROUP COVERAGE UNDER CERTAIN
7 CIRCUMSTANCES; AMENDING SECTIONS 33-20-1209 AND 33-20-1210,
8 MCA; AND PROVIDING AN EFFECTIVE DATE."

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

11 Section 1. Section 33-20-1209, MCA, is amended to
12 read:

insured's-right-of-conversion-and-pending-termination-of-coverage, and provided further that:

 t1(a) the individual policy shall, at the option of such person, be on any one of the forms, except including but not limited to term insurance, IF THE GROUP POLICY SO PROVIDES, then customarily issued by the insurer at-the-age end-for-the-amount-applied-for AT THE AGE AND FOR THE AMOUNT APPLIED FOR and shall offer benefits at least equal to those under the group coverage;

 t2(b) the individual policy shall, at the option of the insured, be in an amount not in excess of the amount of life insurance which ceases because of such termination, less-the-amount-of-any-life-insurance-for-which-such-person-is-or-becomes-eligible-under-any-other-group-policy-within 31-days-after-such-termination LESS THE AMOUNT OF ANY LIFE INSURANCE FOR WHICH SUCH PERSON IS INSURED UNDER ANY OTHER GROUP POLICY WITHIN 31 DAYS AFTER SUCH TERMINATION, provided that any amount of insurance which shall have matured on or before the date of such termination as an endowment payable to the person insured, whether in one sum or in installments or in the form of an annuity, shall not, for the purposes of this provision, be included in the amount which is considered to cease because of such termination; and

 t3(c) the premium on the individual policy shall be at the insurer's then customary rate applicable to the form

1 end-amount-of-the-individual-policy--to-the-class-of-risk-to
 2 which--such--person-then-belongs--and-to-his-age-attained-on
 3 the-effective-date other-members-of-the-group-and-the-amount
FORM AND AMOUNT OF THE INDIVIDUAL POLICY, TO THE CLASS OF
RISK TO WHICH SUCH PERSON THEN BELONGS, AND TO HIS AGE
ATTAINED ON THE EFFECTIVE DATE of the individual policy.

7 (2) With the consent of the employer, a person covered
 8 under a group life insurance policy issued to an employer or
 9 to the trustees of a fund established by an employer under
 10 33-20-1101 may continue his coverage under the group policy
 11 after termination of his qualifying employment--or--after
 12 DURING HIS EMPLOYMENT NOTWITHSTANDING reduction of his
 13 regular work schedule to less than the minimum number of
 14 hours required for eligibility for membership. The premium
 15 charged for the continued coverage shall be equal to that
 16 charged other members of the group. Such person's coverage
 17 under the group will cease if he subsequently becomes
 18 eligible and--he--elects FOR coverage under another group
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20 Section 2. Section 33-20-1210, MCA, is amended to
 21 read:

22 "33-20-1210. Conversion on termination of policy. The
 23 group life insurance policy shall contain a provision that
 24 if the group policy terminates or is amended so as to
 25 terminate the insurance of any class of insured persons,

1 every person insured thereunder at the date of such
 2 termination whose insurance terminates and who has been so
 3 insured for at least 5-years ~~1-year~~ 3 YEARS prior to such
 4 termination date shall be entitled to have issued to him by
 5 the insurer an individual policy of life insurance, subject
 6 to in-the-same-amount-of-insurance-and-under SUBJECT TO the
 7 same conditions and limitations as are provided by
 8 33-20-1209, except that the group policy may ~~shall~~ MAY
 9 provide that the amount of such individual policy shall MAY
 10 not-exceed-the-smaller-of NOT EXCEED THE SMALLER OF:

11 ~~which~~ be-offered-by-the-insurer-in the amount of the
 12 person's life insurance protection ceasing because of the
 13 termination or amendment of the group policy--less--the
 14 amount--of--any--life--insurance--for--which--he--is--or--becomes
 15 eligible--under--any--group--policy--issued--or--reinstated--by--the
 16 same--or--another--insurer--within--31--days--after--such
 17 termination--and, LESS THE AMOUNT OF ANY LIFE INSURANCE FOR
 18 WHICH HE IS OR BECOMES ELIGIBLE UNDER ANY GROUP POLICY
 19 ISSUED OR REINSTATED BY THE SAME OR ANOTHER INSURER WITHIN
 20 31 DAYS AFTER SUCH TERMINATION; AND

21 ~~plus~~ 12) \$2,000 \$10,000."
 22 NEW-SECTION--Section 3--Conversion--on--disbanding-of
 23 group--the-group-disability-insurance-policy-shall--contain
 24 a--provision--that--if--the--coverage--under--the--policy--ceases
 25 because--of--disbanding--of--the--group--each--person--insured

1 because--of--his--employment--in--the--group--shall--be--entitled--to
 2 have--issued--to--him--by--the--insurer,--without--evidence--of
 3 insurability,--an--individual--policy--of--disability--insurance
 4 covering--himself--and--his--dependents--or--family--members
 5 covered--under--the--group--provided

6 if--application--for--the--individual--policy--is--made--and
 7 the--first--premium--tendered--to--the--insurer--within--31--days
 8 after--written--notice--by--the--insurer--to--the--insured--of--the
 9 insured's--right--to--conversion--of--coverage--and--of--pending
 10 terminations--and

11 if--the--individual--policy--shall--offer--benefits--at
 12 least--equal--to--those--under--the--group--coverage--terminated--by
 13 the--disbanding--and

14 if--the--premium--on--the--individual--policy--shall--be--at
 15 the--insurer's--then--customary--rates--applicable--to--the--group's
 16 existing--amount--of--individual--policy--and--the--class--of--risk
 17 of--the--person--insured--under--the--group.

18 NEW SECTION. Section 3. Continuing group coverage
 19 after termination. A person covered by a group disability
 20 insurance policy issued OR RENEWED AFTER OCTOBER 1, 1981
 21 under 33-22-501(1) may, FOR A PERIOD OF 1 YEAR, with the
 22 consent of the employer or the trustees, continue coverage
 23 under group disability policy after--terminating--his
 24 qualifying--employment--or after reducing his regular work
 25 schedule to less than the minimum time required to qualify

1 for membership in the group, and the premium charged him
 2 shall be equal to that charged other members of the group of
 3 the same risk class.

4 NEW SECTION. Section 5. Conversion on termination of
 5 group--contract--if--a--group--hospital--or--medical--service
 6 plan--contract--in--effect--by--a--health--service--corporation
 7 after--July--1,--1981,--shall--contain--a--provision--that--if--the
 8 coverage--under--the--contract--ceases--because--of--disbanding--of
 9 the--group--each--person--covered--because--of--his--employment--in
 10 the--group--shall--be--entitled--to--have--issued--to--him--by--the
 11 health--service--corporation--without--evidence--of
 12 insurability,--an--individual--hospital--or--medical--service--plan
 13 contract--covering--himself--and--his--dependents--or--family
 14 members--covered--under--the--group--provided--application--for
 15 the--individual--contract--is--made--and--the--first--premium
 16 tendered--to--the--health--service--corporation--within--31--days
 17 after--written--notice--by--the--insurer--to--the--insured--of--the
 18 insured's--right--to--conversion.

19 if--the--individual--contract--shall--provide--benefits
 20 equal--to--those--under--the--group--contract--terminated--by--the
 21 disbanding.

22 if--the--premium--on--the--individual--contract--shall--be--at
 23 the--insurer's--then--customary--rates--applicable--to--the--form
 24 and--the--amount--of--the--individual--contract--and--the--class--of
 25 risk--of--the--person--covered--but--in--no--case--more--than--5%

1 greater-than-the-group-premium--charged--for--like--benefits
 2 under-the-group-contract*

3 NEW SECTION. SECTION 4. CONVERSION ON TERMINATION OF
 4 ELIGIBILITY. (1) A GROUP DISABILITY INSURANCE POLICY ISSUED
 5 OR RENEWED AFTER OCTOBER 1, 1981, SHALL CONTAIN A PROVISION
 6 THAT IF THE INSURANCE OR ANY PORTION OF IT ON A PERSON, HIS
 7 DEPENDENTS, OR FAMILY MEMBERS COVERED UNDER THE POLICY
 8 CEASES BECAUSE OF TERMINATION OF HIS EMPLOYMENT OR OF HIS
 9 MEMBERSHIP IN THE CLASS OR CLASSES ELIGIBLE FOR COVERAGE
 10 UNDER THE POLICY, OR AS A RESULT OF HIS EMPLOYER
 11 DISCONTINUING HIS BUSINESS, SUCH PERSON SHALL, PROVIDED HE
 12 HAD BEEN INSURED FOR A PERIOD OF 3 MONTHS, BE ENTITLED TO
 13 HAVE ISSUED TO HIM BY THE INSURER, WITHOUT EVIDENCE OF
 14 INSURABILITY, AN INDIVIDUAL POLICY OF HOSPITAL OR MEDICAL
 15 SERVICE INSURANCE ON HIMSELF, HIS DEPENDENTS, OR FAMILY
 16 MEMBERS, PROVIDED APPLICATION FOR THE INDIVIDUAL POLICY
 17 SHALL BE MADE AND THE FIRST PREMIUM TENDERED TO THE INSURER
 18 WITHIN 30 DAYS AFTER THE TERMINATION OF GROUP COVERAGE.

19 (2) THE INDIVIDUAL POLICY, AT THE OPTION OF THE
 20 INSURER INSURED, SHALL BE ON ANY OF THE FORMS THEN
 21 CUSTOMARILY ISSUED BY THE INSURER TO INDIVIDUAL
 22 POLICYHOLDERS WITH THE EXCEPTION OF THOSE POLICIES WHOSE
 23 ELIGIBILITY IS DETERMINED BY AFFILIATION OTHER THAN BY
 24 EMPLOYMENT WITH A COMMON ENTITY.

25 (3) THE PREMIUM ON THE INDIVIDUAL POLICY SHALL BE AT

1 THE INSURER'S THEN CUSTOMARY RATE APPLICABLE TO THE COVERAGE
 2 OF THE INDIVIDUAL POLICY.

3 NEW SECTION. Section 5. Continuing group coverage
 4 after termination. A person covered by a group hospital or
 5 medical service plan contract, issued OR RENEWED by a health
 6 service corporation after ~~July~~ OCTOBER 1, 1981, may, FOR A
 7 PERIOD OF 1 YEAR with the consent of the employer or the
 8 trustees, continue coverage under the group contract after
 9 terminating-his-qualifying-employment-or after reducing his
 10 regular work schedule to less than the minimum time required
 11 to qualify for membership in the group, and the premium
 12 charged him shall be equal to that charged the members of
 13 the group.

14 NEW SECTION. Section 6. Conversion on termination of
 15 eligibility. The group hospital or medical service plan
 16 contract in--effect ISSUED OR RENEWED by a health service
 17 corporation after ~~July~~ OCTOBER 1, 1981, shall contain a
 18 provision that if the insurance or any portion of it on a
 19 person, his dependents, or family members covered under the
 20 policy ceases because of termination of his employment or of
 21 his membership in the class or classes eligible for coverage
 22 under the policy OR AS A RESULT OF AN EMPLOYER DISCONTINUING
 23 HIS BUSINESS, such person shall, PROVIDED HE HAS BEEN
 24 INSURED FOR A PERIOD OF 3 MONTHS, be entitled to have issued
 25 to him by the insurer, without evidence of insurability, an

1 individual policy of hospital or medical service insurance
 2 on himself, his dependents, or family members, provided
 3 application for the individual policy shall be made and the
 4 first premium tendered to the insurer within 31 days after
 5 written--notice--by--the--insurer--to--the--insured--of--the
 6 insured's-right-of-conversion-and-pending THE termination of
 7 group coverage.

8 (1) The individual policy shall, at the option of such
 9 person THE INSURED, be on any of the forms then customarily
 10 issued by the insurer TO INDIVIDUAL POLICYHOLDERS WITH THE
EXCEPTION OF THOSE WHOSE ELIGIBILITY IS DETERMINED BY THEIR
AFFILIATION OTHER THAN BY EMPLOYMENT WITH A PARTICULAR
ENTITY, and shall offer benefits at least equal to those
 14 under the group coverage SUCH INDIVIDUAL POLICIES.

15 ~~(2) The individual policy shall, at the option of the
 16 insured, be in an amount not in excess of the amount of
 17 insurance which ceases because of such termination.~~

18 ~~(3) (2) The premium on the individual policy shall be
 19 at the insurer's then customary rate applicable to the other
 20 members of the group and the coverage of the individual
 21 policy.~~

22 Section 7. Severability. If a part of this act is
 23 invalid, all valid parts that are severable from the invalid
 24 part remain in effect. If a part of this act is invalid in
 25 one or more of its applications, the part remains in effect

1 in all valid applications that are severable from the
 2 invalid applications.

3 Section 8. Codification instruction. (1) Sections 32
 4 and 43 AND 5 are intended to be codified as integral parts
 5 of Title 33, chapter 22, part 5, and provisions of Title 33,
 6 chapter 22, apply to sections 32 and 43 AND 5.

7 (2) Sections 5--through 6 AND 7 are intended to be
 8 codified as integral parts of Title 33, chapter 30, part 10,
 9 and provisions of ~~Title 33, chapter 22, and~~ of Title 33,
 10 chapter 30, apply to sections 5--through 6 AND 7.

11 Section 9. Effective date. This act is effective July
 12 1, 1981.

-End-

1 SENATE BILL NO. 129

2 INTRODUCED BY TURNAGE, NORMAN

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT REGULATING CONVERSIONS
5 OF GROUP LIFE INSURANCE AND GROUP DISABILITY INSURANCE AND
6 PROVIDING FOR CONTINUATION OF GROUP COVERAGE UNDER CERTAIN
7 CIRCUMSTANCES; AMENDING SECTIONS 33-20-1209 AND 33-20-1210,
8 MCA; AND PROVIDING AN EFFECTIVE DATE."

9

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

11 Section 1. Section 33-20-1209, MCA, is amended to
12 read:

13 "33-20-1209. Conversion on termination of eligibility.
14 (1) The group life insurance policy shall contain a
15 provision that if the insurance or any portion of it on a
16 person covered under the policy ceases because of
17 termination of employment or of membership in the class or
18 classes eligible for coverage under the policy, such person
19 shall be entitled to have issued to him by the insurer,
20 without evidence of insurability, an individual policy of
21 life insurance ~~without--disability--or--other--supplementary~~
22 benefits, provided application for the individual policy
23 shall be made and the first premium paid tendered PAID to
24 the insurer within 31 days after such termination written
25 notice SUCH TERMINATION by the insurer to the insured of the

1 insured's right of conversion and pending termination of
2 coverage, and provided further that:
3 ~~(a) the individual policy shall, at the option of~~
4 ~~such person, be on any one of the forms, except including~~
5 ~~but not limited to term insurance, IF THE GROUP POLICY SO~~
6 ~~PROVIDES, then customarily issued by the insurer at-the-age~~
7 ~~and-for-the-amount-applied-for AT THE AGE AND FOR THE AMOUNT~~
8 ~~APPLIED FOR and shall offer benefits at least equal to those~~
9 ~~under the group coverage;~~
10 ~~(b) the individual policy shall, at the option of~~
11 ~~the insured, be in an amount not in excess of the amount of~~
12 ~~life insurance which ceases because of such termination,~~
13 ~~less-the-amount-of-any-life-insurance-for-which-such-person~~
14 ~~is--or--becomes--eligible--under--any--other--group--policy--within~~
15 ~~31--days--after--such--termination, LESS THE AMOUNT OF ANY LIFE~~
16 ~~INSURANCE FOR WHICH SUCH PERSON IS INSURED UNDER ANY OTHER~~
17 ~~GROUP POLICY WITHIN 31 DAYS AFTER SUCH TERMINATION, provided~~
18 ~~that any amount of insurance which shall have matured on or~~
19 ~~before the date of such termination as an endowment payable~~
20 ~~to the person insured, whether in one sum or in installments~~
21 ~~or in the form of an annuity, shall not, for the purposes of~~
22 ~~this provision, be included in the amount which is~~
23 ~~considered to cease because of such termination; and~~
24 ~~(c) the premium on the individual policy shall be~~
25 ~~at the insurer's then customary rate applicable to the form~~

1 and amount of the individual policy, to the class of risk to
 2 which such person then belongs, and to his age attained on
 3 the effective date other members of the group and the amount
 4 FORM AND AMOUNT OF THE INDIVIDUAL POLICY, TO THE CLASS OF
 5 RISK TO WHICH SUCH PERSON THEN BELONGS, AND TO HIS AGE
 6 ATTAINED ON THE EFFECTIVE DATE of the individual policy.

7 (2) With the consent of the employer, a person covered
 8 under a group life insurance policy issued to an employer or
 9 to the trustees of a fund established by an employer under
 10 33-20-1101 may continue his coverage under the group policy
 11 after termination of his qualifying employment or after
 12 DURING HIS EMPLOYMENT NOTWITHSTANDING reduction of his
 13 regular work schedule to less than the minimum number of
 14 hours required for eligibility for membership. The premium
 15 charged for the continued coverage shall be equal to that
 16 charged other members of the group. Such person's coverage
 17 under the group will cease if he subsequently becomes
 18 eligible and he elects for coverage under another group
 19 policy because of employment elsewhere."

20 Section 2. Section 33-20-1210, MCA, is amended to
 21 read:

22 "33-20-1210. Conversion on termination of policy. The
 23 group life insurance policy shall contain a provision that
 24 if the group policy terminates or is amended so as to
 25 terminate the insurance of any class of insured persons,

1 every person insured thereunder at the date of such
 2 termination whose insurance terminates and who has been so
 3 insured for at least 5 years ~~1 year~~ 3 YEARS prior to such
 4 termination date shall be entitled to have issued to him by
 5 the insurer an individual policy of life insurance, subject
 6 to ~~in-the-same-amount-of-insurance-and-under~~ SUBJECT TO the
 7 same conditions and limitations as are provided by
 8 33-20-1209, except that the group policy may ~~shall~~ MAY
 9 provide that the amount of such individual policy ~~shall~~ MAY
 10 not exceed the smaller of ~~NOT EXCEED THE SMALLER OF~~
 11 ~~the amount of the~~ be offered by the insurer to the amount of the
 12 person's life insurance protection ceasing because of the
 13 termination or amendment of the group policy, less the
 14 amount of any life insurance for which he is or becomes
 15 eligible under any group policy issued or reinstated by the
 16 same or another insurer within 30 days after such
 17 termination and less the amount of any life insurance for
 18 which he is or becomes eligible under any group policy
 19 issued or reinstated by the same or another insurer within
 20 30 days after such termination; and
 21 ~~(2) (2) \$2,000 \$10,000."~~
 22 NEW SECTION--Section 3--Conversion--on--disbanding--of
 23 groups--the--group-disability--insurance--policy--shall--contain
 24 --provision--that--if--the--coverage--under--the--policy--ceases
 25 because--of--disbanding--of--the--group--each--person--insured

1 because--of-his-employment-in-the-group-shall-be-entitled-to
 2 have-issued-to-him--by--the--insurer--without--evidence--of
 3 insurability--an--individual-policy-of-disability-insurance
 4 covering--himself--and--his--dependents--or--family--members
 5 covered-under-the-group--provided--

6 +f1--application--for-the-individual-policy-is-made-and
 7 the-first-premium-tendered-to-the--insurer--within--31--days
 8 after--written--notice--by-the-insurer-to-the--insured--of-the
 9 insured's-right-to-conversion-of--coverage--and--of--pending
 10 termination--and

11 +f2--the--individual--policy--shall--offer--benefits-at
 12 least--equal--to-those--under--the--group--coverage--terminated--by
 13 the--disbanding--and

14 +f3--the--premium--on--the--individual--policy--shall--be--at
 15 the--insurer's--then--customary--rates--applicable--to--the--group's
 16 existing--amount--of--individual--policy--and--the--class--of--risk
 17 of--the--person--insured--under--the--group--

18 NEW SECTION. Section 3. Continuing group coverage
 19 after termination. A person covered by a group disability
 20 insurance policy issued OR RENEWED AFTER OCTOBER 1, 1981
 21 under 33-22-501(1) may, FOR A PERIOD OF 1 YEAR, with the
 22 consent of the employer or the trustees, continue coverage
 23 under group disability policy after--terminating--his
 24 qualifying--employment--or after reducing his regular work
 25 schedule to less than the minimum time required to qualify

1 for membership in the group, and the premium charged him
 2 shall be equal to that charged other members of the group of
 3 the same risk class.

4 NEW SECTION--Section 5--Conversion-on-termination--of
 5 group--contract--+f1--a--group--hospital--or--medical--service
 6 plan--contract-in-effect--by--a--health--service--corporation
 7 after--duty--+f2--1981--shall--contain-a-provision--that--if--the
 8 coverage--under--the--contract--ceases--because--of--disbanding--of
 9 the--group--each--person--covered--because--of--his--employment--in
 10 the--group--shall--be--entitled--to--have--issued--to--him--by--the
 11 health--service--corporation--without--evidence--of
 12 insurability--an--individual--hospital--or--medical--service--plan
 13 contract--covering--himself--and--his--dependents--or--family
 14 members--covered--under--the--group--provided--application--for
 15 the--individual--contract--is--made--and--the--first--premium
 16 tendered--to--the--health--service--corporation--within--31--days
 17 after--written--notice--by--the--insurer--to--the--insured--of--the
 18 insured's-right-to-conversion--

19 +f2--the--individual--contract--shall--provide--benefits
 20 equal--to--those--under--the--group--contract--terminated--by--the
 21 disbanding--.

22 +f3--The--premium--on--the--individual--contract--shall--be--at
 23 the--insurer's--then--customary--rates--applicable--to--the--form
 24 and--the--amount--of--the--individual--contract--and--the--class--of
 25 risk--of--the--person--covered--but--in--no--case--more--than--5%

1 greater-than-the-group-premium--charged--for--the--benefits
 2 under-the-group-contract*

3 NEW SECTION. SECTION 4. CONDITIONS OF CONTINUATION.
 4 (1) A GROUP POLICY DELIVERED OR ISSUED FOR DELIVERY IN THIS
 5 STATE THAT INSURES EMPLOYEES OR MEMBERS FOR HOSPITAL,
 6 SURGICAL, OR MAJOR MEDICAL INSURANCE ON AN EXPENSE INCURRED
 7 OR SERVICE BASIS, OTHER THAN FOR SPECIFIC DISEASES OR FOR
 8 ACCIDENTAL INJURIES ONLY, MUST PROVIDE THAT EMPLOYEES OR
 9 MEMBERS WHOSE INSURANCE UNDER THE GROUP POLICY WOULD
 10 OTHERWISE TERMINATE BECAUSE OF TERMINATION OF EMPLOYMENT OR
 11 MEMBERSHIP MAY CONTINUE THE HOSPITAL, SURGICAL, AND MAJOR
 12 MEDICAL INSURANCE COVERAGE OF THAT GROUP POLICY FOR
 13 THEMSELVES AND THEIR ELIGIBLE DEPENDENTS, SUBJECT TO ALL OF
 14 THE GROUP POLICY'S TERMS AND CONDITIONS APPLICABLE TO THOSE
 15 FORMS OF INSURANCE AND SUBJECT TO THE FOLLOWING CONDITIONS:

16 (A) CONTINUATION IS AVAILABLE ONLY TO AN EMPLOYEE OR
 17 MEMBER WHO HAS BEEN CONTINUOUSLY INSURED UNDER THE GROUP
 18 POLICY (AND FOR SIMILAR BENEFITS UNDER ANY GROUP POLICY
 19 WHICH IT REPLACED) DURING THE ENTIRE 3-MONTH PERIOD ENDING
 20 WITH TERMINATION.

21 (B) CONTINUATION IS NOT AVAILABLE FOR A PERSON WHO IS
 22 OR COULD BE:

23 (I) COVERED BY MEDICARE; OR
 24 (III) COVERED BY ANY OTHER INSURED OR UNINSURED
 25 ARRANGEMENT WHICH PROVIDES HOSPITAL, SURGICAL, OR MEDICAL

1 COVERAGE FOR INDIVIDUALS IN A GROUP.

2 (C) CONTINUATION OF COVERAGE IS REQUESTED IN WRITING
 3 WITHIN 31 DAYS AFTER THE LATER OF:
 4 (I) THE DATE OF TERMINATION; OR
 5 (III) THE DATE THE EMPLOYEE IS GIVEN NOTICE OF THE RIGHT
 6 OF CONTINUATION BY EITHER HIS EMPLOYER OR THE GROUP
 7 POLICYHOLDER.

8 (2) AN EMPLOYEE OR MEMBER ELECTING CONTINUATION MUST
 9 PAY TO THE GROUP POLICYHOLDER OR HIS EMPLOYER ON THE DUE
 10 DATE OF EACH PAYMENT, ON A MONTHLY BASIS IN ADVANCE, THE
 11 AMOUNT OF CONTRIBUTION REQUIRED BY THE POLICYHOLDER OR
 12 EMPLOYER, BUT NOT MORE THAN THE GROUP RATE FOR THE INSURANCE
 13 BEING CONTINUED UNDER THE GROUP POLICY. THE EMPLOYEE'S OR
 14 MEMBER'S WRITTEN ELECTION OF CONTINUATION, TOGETHER WITH THE
 15 FIRST CONTRIBUTION REQUIRED TO ESTABLISH CONTRIBUTIONS ON A
 16 MONTHLY BASIS IN ADVANCE, MUST BE GIVEN TO THE POLICYHOLDER
 17 OR EMPLOYER WITHIN 31 DAYS OF THE DATE THE EMPLOYEE'S OR
 18 MEMBER'S INSURANCE WOULD OTHERWISE TERMINATE.

19 (3) CONTINUATION OF INSURANCE UNDER THE GROUP POLICY
 20 TERMINATES WHEN THE INSURED QUALIFIES FOR THE ALTERNATIVE
 21 COVERAGES SPECIFIED IN SUBSECTION (1)(B) OR, IF EARLIER, AT
 22 THE FIRST TO OCCUR OF THE FOLLOWING:
 23 (A) 6 MONTHS AFTER THE DATE THE EMPLOYEE'S OR MEMBER'S
 24 INSURANCE UNDER THE POLICY WOULD OTHERWISE HAVE TERMINATED
 25 BECAUSE OF TERMINATION OF EMPLOYMENT OR MEMBERSHIP;

1 **(B) THE END OF THE PERIOD FOR WHICH CONTRIBUTIONS WERE**
2 **MADE IF THE EMPLOYEE OR MEMBER FAILS TO MAKE TIMELY PAYMENT**
3 **OF A REQUIRED CONTRIBUTION; OR**

4 (C) THE DATE WHEN THE GROUP POLICY IS TERMINATED OR
5 IN THE CASE OF AN EMPLOYEE, THE DATE HIS EMPLOYER TERMINATES
6 PARTICIPATION UNDER THE GROUP POLICY.

7 (4) IF SUBSECTION (3)(C) APPLIES AND THE COVERAGE
8 CEASING BY REASON OF SUCH TERMINATION IS REPLACED BY SIMILAR
9 COVERAGE UNDER ANOTHER GROUP POLICY:

10 (A) THE EMPLOYEE OR MEMBER HAS THE RIGHT OF COVERAGE
11 UNDER THAT OTHER GROUP POLICY FOR THE BALANCE OF THE PERIOD
12 THAT HE WOULD HAVE REMAINED COVERED UNDER THE PRIOR GROUP
13 POLICY IN ACCORDANCE WITH SUBSECTION (3) HAD A TERMINATION
14 DESCRIBED IN SUBSECTION (3)(C) NOT OCCURRED.

15 181 THE MINIMUM LEVEL OF BENEFITS PROVIDED BY THE
16 OTHER GROUP POLICY IS THE APPLICABLE LEVEL OF BENEFITS OR
17 THE PRIOR GROUP POLICY REDUCED BY ANY BENEFITS PAYABLE UNDER
18 THAT PRIOR GROUP POLICY.

19 (c) THE PRIOR GROUP POLICY CONTINUES TO PROVIDE
20 BENEFITS TO THE EXTENT OF ITS ACCRUED LIABILITIES AND
21 EXTENSIONS OF BENEFITS AS IF THE REPLACEMENT HAD NOT
22 OCCURRED.

23 151. NOTIFICATION OF THE CONTINUATION PRIVILEGE MUST BE
24 INCLUDED IN EACH CERTIFICATE OF COVERAGE.

25 NEW SECTION- SECTION 5. CONVERSION ON TERMINATION OF

1 ELIGIBILITY. (1) A GROUP DISABILITY INSURANCE POLICY ISSUED
2 OR RENEWED AFTER OCTOBER 1, 1981, SHALL CONTAIN A PROVISION
3 THAT IF THE INSURANCE OR ANY PORTION OF IT ON A PERSON, HIS
4 DEPENDENTS, OR FAMILY MEMBERS COVERED UNDER THE POLICY
5 CEASES BECAUSE OF TERMINATION OF HIS EMPLOYMENT OR OF HIS
6 MEMBERSHIP IN THE CLASS OR CLASSES ELIGIBLE FOR COVERAGE
7 UNDER THE POLICY, OR AS A RESULT OF HIS EMPLOYER
8 DISCONTINUING HIS BUSINESS, SUCH PERSON SHALL, PROVIDED HE
9 HAD BEEN INSURED FOR A PERIOD OF 3 MONTHS, BE ENTITLED TO
10 HAVE ISSUED TO HIM BY THE INSURER, WITHOUT EVIDENCE OF
11 INSURABILITY, AN INDIVIDUAL POLICY OF HOSPITAL OR MEDICAL
12 SERVICE INSURANCE ON HIMSELF, HIS DEPENDENTS, OR FAMILY
13 MEMBERS, PROVIDED APPLICATION FOR THE INDIVIDUAL POLICY
14 SHALL BE MADE AND THE FIRST PREMIUM TENDERED TO THE INSURER
15 WITHIN 31 DAYS AFTER THE TERMINATION OF GROUP COVERAGE.

16 121. THE INDIVIDUAL POLICY, AT THE OPTION OF THE
17 INSURER INSURED, SHALL BE ON ANY OF THE FORMS THEN
18 CUSTOMARILY ISSUED BY THE INSURER TO INDIVIDUAL
19 POLICYHOLDERS WITH THE EXCEPTION OF THOSE POLICIES WHOSE
20 ELIGIBILITY IS DETERMINED BY AFFILIATION OTHER THAN BY
21 EMPLOYMENT WITH A COMMON ENTITY.

22 (3) THE PREMIUM ON THE INDIVIDUAL POLICY SHALL BE AT
23 THE INSURER'S THEN CUSTOMARY RATE APPLICABLE TO THE COVERAGE
24 OF THE INDIVIDUAL POLICY.

25 NEW SECTION - SECTION 6 - OTHER HEALTH COVERAGE pg

1 LIMITATIONS ON ISSUANCE OF CONVERTED POLICY. THE INSURER IS
 2 NOT REQUIRED TO ISSUE A CONVERTED POLICY COVERING ANY PERSON
 3 WHO IS OR COULD BE COVERED BY MEDICARE, AND THE INSURER IS
 4 NOT REQUIRED TO ISSUE A CONVERTED POLICY COVERING ANY PERSON
 5 WHO:

6 (1) (A) IS COVERED FOR SIMILAR BENEFITS BY ANOTHER
 7 INDIVIDUAL POLICY;

8 (B) IS OR COULD BE COVERED FOR SIMILAR BENEFITS UNDER
 9 ANY ARRANGEMENT OF COVERAGE FOR INDIVIDUALS IN A GROUP,
 10 WHETHER INSURED OR UNINSURED; OR

11 (C) IS ELIGIBLE FOR SIMILAR BENEFITS BY REASON OF ANY
 12 STATE OR FEDERAL LAW; AND

13 (2) WHOSE BENEFITS UNDER SOURCES REFERRED TO IN
 14 SUBSECTION (1)(A) OR BENEFITS PROVIDED OR AVAILABLE UNDER
 15 SOURCES REFERRED TO IN SUBSECTIONS (1)(B) AND (1)(C)
 16 TOGETHER WITH THE CONVERTED POLICY'S BENEFITS WOULD RESULT
 17 IN A DUPLICATION OF BENEFITS.

18 NEW SECTION. SECTION 7. BENEFIT LEVELS -- CONVERTED
 19 POLICY NEED BE NO GREATER THAN GROUP POLICY. AN INSURER IS
 20 NOT REQUIRED TO ISSUE A CONVERTED POLICY PROVIDING BENEFITS
 21 IN EXCESS OF THE HOSPITAL, SURGICAL, OR MAJOR MEDICAL
 22 INSURANCE UNDER THE GROUP POLICY FROM WHICH CONVERSION IS
 23 MADE.

24 NEW SECTION. SECTION 8. PREEXISTING CONDITIONS --
 25 TOTAL BENEFITS PAYABLE FIRST POLICY YEAR. THE CONVERTED

1 POLICY MAY NOT EXCLUDE, AS A PREEXISTING CONDITION, ANY
 2 CONDITION COVERED BY THE GROUP POLICY, BUT THE CONVERTED
 3 POLICY MAY PROVIDE FOR A REDUCTION OF ITS HOSPITAL,
 4 SURGICAL, OR MEDICAL BENEFITS BY THE AMOUNT OF ANY SUCH
 5 BENEFITS PAYABLE UNDER THE GROUP POLICY AFTER THE
 6 INDIVIDUAL'S INSURANCE TERMINATES THEREUNDER. THE CONVERTED
 7 POLICY MAY ALSO PROVIDE THAT DURING THE FIRST POLICY YEAR,
 8 THE BENEFITS PAYABLE UNDER THE CONVERTED POLICY, TOGETHER
 9 WITH THE BENEFITS PAYABLE UNDER THE GROUP POLICY, MAY NOT
 10 EXCEED THOSE THAT WOULD HAVE BEEN PAYABLE HAD THE
 11 INDIVIDUAL'S INSURANCE UNDER THE GROUP POLICY REMAINED IN
 12 FORCE.

13 NEW SECTION. SECTION 9. CONTINUED GROUP INSURANCE
 14 UPON RETIREMENT -- CONVERSION ELECTION. IF COVERAGE WOULD
 15 BE CONTINUED UNDER THE GROUP POLICY ON AN EMPLOYEE OR MEMBER
 16 FOLLOWING HIS RETIREMENT PRIOR TO THE TIME HE IS OR COULD BE
 17 COVERED BY MEDICARE, THE EMPLOYEE OR MEMBER MAY ELECT, IN
 18 LIEU OF SUCH CONTINUATION OF GROUP INSURANCE, TO HAVE THE
 19 SAME CONVERSION RIGHTS AS WOULD APPLY HAD THAT INSURANCE
 20 TERMINATED AT RETIREMENT.

21 NEW SECTION. SECTION 10. MEDICARE ELIGIBILITY --
 22 BENEFIT REDUCTION. THE CONVERTED POLICY MAY PROVIDE FOR
 23 REDUCTION OR TERMINATION OF COVERAGE OF ANY PERSON UPON HIS
 24 ELIGIBILITY FOR COVERAGE UNDER MEDICARE OR UNDER ANY OTHER
 25 STATE OR FEDERAL LAW PROVIDING FOR BENEFITS SIMILAR TO THOSE

1 PROVIDED BY THE CONVERTED POLICY.

2 NEW SECTION. SECTION 11. INSURED'S FAMILY --
 3 CONVERSION ENTITLEMENT. SUBJECT TO THE CONDITIONS SET FORTH
 4 IN THIS SECTION, THE CONVERSION PRIVILEGE IS ALSO AVAILABLE
 5 TO:

6 (1) THE SURVIVING SPOUSE, IF ANY, AT THE DEATH OF THE
 7 EMPLOYEE OR MEMBER, WITH RESPECT TO THE SPOUSE AND SUCH
 8 CHILDREN WHOSE COVERAGE UNDER THE GROUP POLICY TERMINATES BY
 9 REASON OF SUCH DEATH, OTHERWISE TO EACH SURVIVING CHILD
 10 WHOSE COVERAGE UNDER THE GROUP POLICY TERMINATES BY REASON
 11 OF SUCH DEATH, OR IF THE GROUP POLICY PROVIDES FOR
 12 CONTINUATION OF DEPENDENTS' COVERAGE FOLLOWING THE
 13 EMPLOYEE'S OR MEMBER'S DEATH, AT THE END OF SUCH
 14 CONTINUATION;

15 (2) THE SPOUSE OF THE EMPLOYEE OR MEMBER UPON
 16 TERMINATION OF COVERAGE OF THE SPOUSE, BY REASON OF CEASING
 17 TO BE A QUALIFIED FAMILY MEMBER UNDER THE GROUP POLICY,
 18 WHILE THE EMPLOYEE OR MEMBER REMAINS INSURED UNDER THE GROUP
 19 POLICY, INCLUDING SUCH CHILDREN WHOSE COVERAGE UNDER THE
 20 GROUP POLICY TERMINATES AT THE SAME TIME; OR

21 (3) A CHILD SOLELY WITH RESPECT TO HIMSELF UPON
 22 TERMINATION OF HIS COVERAGE BY REASON OF CEASING TO BE A
 23 QUALIFIED FAMILY MEMBER UNDER THE GROUP POLICY, IF A
 24 CONVERSION PRIVILEGE IS NOT OTHERWISE PROVIDED ABOVE WITH
 25 RESPECT TO SUCH TERMINATION.

1 NEW SECTION. Section 12. Continuing group coverage
 2 after termination. A person covered by a group hospital or
 3 medical service plan contract, issued OR RENEWED by a health
 4 service corporation after OCTOBER 1, 1981, may, FOR A

5 PERIOD OF 1 YEAR with the consent of the employer or the

6 trustees, continue coverage under the group contract after
 7 terminating-his-qualifying-employment-or after reducing his
 8 regular work schedule to less than the minimum time required
 9 to qualify for membership in the group, and the premium
 10 charged him shall be equal to that charged the members of
 11 the group.

12 NEW SECTION. SECTION 13. CONDITIONS OF CONTINUATION.
 13 (1) A GROUP HOSPITAL OR MEDICAL SERVICE PLAN CONTRACT
 14 DELIVERED OR ISSUED FOR DELIVERY IN THIS STATE THAT INSURES
 15 EMPLOYEES OR MEMBERS FOR HOSPITAL, SURGICAL, OR MAJOR
 16 MEDICAL INSURANCE ON AN EXPENSE INCURRED OR SERVICE BASIS,
 17 OTHER THAN FOR SPECIFIC DISEASES OR FOR ACCIDENTAL INJURIES
 18 ONLY, MUST PROVIDE THAT EMPLOYEES OR MEMBERS WHOSE INSURANCE
 19 UNDER THE GROUP CONTRACT WOULD OTHERWISE TERMINATE BECAUSE
 20 OF TERMINATION OF EMPLOYMENT OR MEMBERSHIP MAY CONTINUE THE
 21 HOSPITAL, SURGICAL, AND MAJOR MEDICAL INSURANCE COVERAGE OF
 22 THAT GROUP CONTRACT FOR THEMSELVES AND THEIR ELIGIBLE
 23 DEPENDENTS, SUBJECT TO ALL OF THE GROUP CONTRACT'S TERMS AND
 24 CONDITIONS APPLICABLE TO THOSE FORMS OF INSURANCE AND
 25 SUBJECT TO THE FOLLOWING CONDITIONS:

1 (A) CONTINUATION IS AVAILABLE ONLY TO AN EMPLOYEE OR
 2 MEMBER WHO HAS BEEN CONTINUOUSLY INSURED UNDER THE GROUP
 3 CONTRACT (AND FOR SIMILAR BENEFITS UNDER ANY GROUP POLICY OR
 4 CONTRACT WHICH IT REPLACED) DURING THE ENTIRE 3-MONTH PERIOD
 5 ENDING WITH TERMINATION.

6 (B) CONTINUATION IS NOT AVAILABLE FOR A PERSON WHO IS
 7 OR COULD BE:

8 (I) COVERED BY MEDICARE; OR

9 (II) COVERED BY ANY OTHER INSURED OR UNINSURED
 10 ARRANGEMENT WHICH PROVIDES HOSPITAL, SURGICAL, OR MEDICAL
 11 COVERAGE FOR INDIVIDUALS IN A GROUP.

12 (C) CONTINUATION OF COVERAGE IS REQUESTED IN WRITING
 13 WITHIN 31 DAYS AFTER THE LATER OF:

14 (I) THE DATE OF SUCH TERMINATION; OR

15 (II) THE DATE THE EMPLOYEE IS GIVEN NOTICE OF THE RIGHT
 16 OF CONTINUATION BY EITHER HIS EMPLOYER OR THE GROUP
 17 CONTRACTHOLDER.

18 (2) AN EMPLOYEE OR MEMBER ELECTING CONTINUATION MUST
 19 PAY TO THE GROUP POLICYHOLDER OR HIS EMPLOYER ON THE DUE
 20 DATE OF EACH PAYMENT, ON A MONTHLY BASIS IN ADVANCE, THE
 21 AMOUNT OF CONTRIBUTION REQUIRED BY THE CONTRACTHOLDER OR
 22 EMPLOYER, BUT NOT MORE THAN THE GROUP RATE FOR THE INSURANCE
 23 BEING CONTINUED UNDER THE GROUP POLICY. THE EMPLOYEE'S OR
 24 MEMBER'S WRITTEN ELECTION OF CONTINUATION, TOGETHER WITH THE
 25 FIRST CONTRIBUTION REQUIRED TO ESTABLISH CONTRIBUTIONS ON A

1 MONTHLY BASIS IN ADVANCE, MUST BE GIVEN TO THE
 2 CONTRACTHOLDER OR EMPLOYER WITHIN 31 DAYS OF THE DATE THE
 3 EMPLOYEE'S OR MEMBER'S INSURANCE WOULD OTHERWISE TERMINATE.

4 (3) CONTINUATION OF INSURANCE UNDER THE GROUP POLICY
 5 TERMINATES WHEN THE INSURED QUALIFIES FOR THE ALTERNATIVE
 6 COVERAGE SPECIFIED IN SUBSECTION (1)(B) OR, IF EARLIER, AT
 7 THE FIRST TO OCCUR OF THE FOLLOWING:

8 (A) 6 MONTHS AFTER THE DATE THE EMPLOYEE'S OR MEMBER'S
 9 INSURANCE UNDER THE CONTRACT WOULD OTHERWISE HAVE TERMINATED
 10 BECAUSE OF TERMINATION OF EMPLOYMENT OR MEMBERSHIP;

11 (B) THE END OF THE PERIOD FOR WHICH CONTRIBUTIONS WERE
 12 MADE IF THE EMPLOYEE OR MEMBER FAILS TO MAKE TIMELY PAYMENT
 13 OF A REQUIRED CONTRIBUTION; OR

14 (C) THE DATE WHEN THE GROUP CONTRACT IS TERMINATED OR,
 15 IN THE CASE OF AN EMPLOYEE, THE DATE HIS EMPLOYER TERMINATES
 16 PARTICIPATION UNDER THE GROUP CONTRACT.

17 (4) IF SUBSECTION (3)(C) APPLIES AND THE COVERAGE
 18 CEASING BY REASON OF SUCH TERMINATION IS REPLACED BY SIMILAR
 19 COVERAGE UNDER ANOTHER GROUP POLICY OR CONTRACT:

20 (A) THE EMPLOYEE OR MEMBER HAS THE RIGHT OF COVERAGE
 21 UNDER THAT OTHER GROUP POLICY OR CONTRACT FOR THE BALANCE OF
 22 THE PERIOD THAT HE WOULD HAVE REMAINED COVERED UNDER THE
 23 PRIOR GROUP CONTRACT IN ACCORDANCE WITH SUBSECTION (3) HAD A
 24 TERMINATION DESCRIBED IN SUBSECTION (3)(C) NOT OCCURRED.

25 (B) THE MINIMUM LEVEL OF BENEFITS PROVIDED BY THE

1 OTHER GROUP POLICY OR CONTRACT IS THE APPLICABLE LEVEL OF
 2 BENEFITS OF THE PRIOR GROUP CONTRACT REDUCED BY ANY BENEFITS
 3 PAYABLE UNDER THAT PRIOR GROUP CONTRACT.

4 (C) THE PRIOR GROUP CONTRACT CONTINUES TO PROVIDE
 5 BENEFITS TO THE EXTENT OF ITS ACCRUED LIABILITIES AND
 6 EXTENSIONS OF BENEFITS AS IF THE REPLACEMENT HAD NOT
 7 OCCURRED.

8 (5) NOTIFICATION OF THE CONTINUATION PRIVILEGE MUST BE
 9 INCLUDED IN EACH CERTIFICATE OF COVERAGE.

10 NEW SECTION. Section 14. Conversion on termination of
 11 eligibility. The group hospital or medical service plan
 12 contract in effect ISSUED OR RENEWED by a health service
 13 corporation after July OCTOBER 1, 1981, shall contain a
 14 provision that if the insurance or any portion of it on a
 15 person, his dependents, or family members covered under the
 16 policy ceases because of termination of his employment or of
 17 his membership in the class or classes eligible for coverage
 18 under the policy OR AS A RESULT OF AN EMPLOYER DISCONTINUING
 19 HIS BUSINESS, such person shall, PROVIDED HE HAS BEEN
 20 INSURED FOR A PERIOD OF 3 MONTHS, be entitled to have issued
 21 to him by the insurer, without evidence of insurability, an
 22 individual policy of hospital or medical service insurance
 23 on himself, his dependents, or family members, provided
 24 application for the individual policy shall be made and the
 25 first premium tendered to the insurer within 31 days after

1 written notice by the insurer to the insured of the
 2 insured's right of conversion and pending THE termination of
 3 group coverage.

4 (1) The individual policy shall, at the option of such
 5 person THE INSURED, be on any of the forms then customarily
 6 issued by the insurer TO INDIVIDUAL POLICYHOLDERS WITH THE
 7 EXCEPTION OF THOSE WHOSE ELIGIBILITY IS DETERMINED BY THEIR
 8 AFFILIATION OTHER THAN BY EMPLOYMENT WITH A PARTICULAR
 9 ENTITY, and shall offer benefits at least equal to those
 10 under the group coverage SUCH-INDIVIDUAL-POLICIES.

11 (2) The individual policy shall, at the option of the
 12 insured, be in an amount not in excess of the amount of
 13 insurance which ceases because of such termination.

14 (3) (2) The premium on the individual policy shall be
 15 at the insurer's then customary rate applicable to the other
 16 members of the group and the coverage of the individual
 17 policy.

18 NEW SECTION. SECTION 15. OTHER HEALTH COVERAGE --
 19 LIMITATIONS ON ISSUANCE OF CONVERTED POLICY. THE HEALTH
 20 SERVICE CORPORATION IS NOT REQUIRED TO ISSUE A CONVERTED
 21 POLICY COVERING ANY PERSON WHO IS OR COULD BE COVERED BY
 22 MEDICARE, AND THE HEALTH SERVICE CORPORATION IS NOT REQUIRED
 23 TO ISSUE A CONVERTED POLICY COVERING ANY PERSON WHO:
 24 (1) IS COVERED FOR SIMILAR BENEFITS BY ANOTHER
 25 INDIVIDUAL POLICY;

1 (B) IS OR COULD BE COVERED FOR SIMILAR BENEFITS UNDER
 2 ANY ARRANGEMENT OF COVERAGE FOR INDIVIDUALS IN A GROUP,
 3 WHETHER INSURED OR UNINSURED; OR
 4 (C) IS ELIGIBLE FOR SIMILAR BENEFITS BY REASON OF ANY
 5 STATE OR FEDERAL LAW; AND

6 (2) WHOSE BENEFITS UNDER SOURCES REFERRED TO IN
 7 SUBSECTION (1)(A) OR BENEFITS PROVIDED OR AVAILABLE UNDER
 8 SOURCES REFERRED TO IN SUBSECTIONS (1)(B) AND (1)(C)
 9 TOGETHER WITH THE CONVERTED POLICY'S BENEFITS WOULD RESULT
 10 IN A DUPLICATION OF BENEFITS.

11 NEW SECTION. SECTION 16. BENEFIT LEVELS -- CONVERTED
 12 POLICY NEED BE NO GREATER THAN GROUP POLICY. A HEALTH
 13 SERVICE CORPORATION IS NOT REQUIRED TO ISSUE A CONVERTED
 14 POLICY PROVIDING BENEFITS IN EXCESS OF THE HOSPITAL,
 15 SURGICAL, OR MAJOR MEDICAL INSURANCE UNDER THE GROUP POLICY
 16 FROM WHICH CONVERSION IS MADE.

17 NEW SECTION. SECTION 17. PREEXISTING CONDITIONS --
 18 TOTAL BENEFITS PAYABLE FIRST POLICY YEAR. THE CONVERTED
 19 CONTRACT MAY NOT EXCLUDE, AS A PREEXISTING CONDITION, ANY
 20 COVERED BY THE GROUP CONTRACT, BUT THE CONVERTED CONTRACT
 21 MAY PROVIDE FOR A REDUCTION OF ITS HOSPITAL, SURGICAL, OR
 22 MEDICAL BENEFITS BY THE AMOUNT OF ANY SUCH BENEFITS PAYABLE
 23 UNDER THE GROUP POLICY AFTER THE INDIVIDUAL'S INSURANCE
 24 TERMINATES THEREUNDER. THE CONVERTED POLICY MAY ALSO PROVIDE
 25 THAT DURING THE FIRST POLICY YEAR, THE BENEFITS PAYABLE

1 UNDER THE CONVERTED POLICY, TOGETHER WITH THE BENEFITS
 2 PAYABLE UNDER THE GROUP POLICY, MAY NOT EXCEED THOSE THAT
 3 WOULD HAVE BEEN PAYABLE HAD THE INDIVIDUAL'S INSURANCE UNDER
 4 THE GROUP POLICY REMAINED IN FORCE.

5 NEW SECTION. SECTION 18. CONTINUED GROUP INSURANCE
 6 UPON RETIREMENT -- CONVERSION ELECTION. IF COVERAGE WOULD
 7 BE CONTINUED UNDER THE GROUP CONTRACT ON AN EMPLOYEE OR
 8 MEMBER FOLLOWING HIS RETIREMENT PRIOR TO THE TIME HE IS OR
 9 COULD BE COVERED BY MEDICARE, THE EMPLOYEE OR MEMBER MAY
 10 ELECT, IN LIEU OF SUCH CONTINUATION OF GROUP INSURANCE, TO
 11 HAVE THE SAME CONVERSION RIGHTS AS WOULD APPLY HAD THAT
 12 INSURANCE TERMINATED AT RETIREMENT.

13 NEW SECTION. SECTION 19. MEDICARE ELIGIBILITY --
 14 BENEFIT REDUCTION. THE CONVERTED POLICY MAY PROVIDE FOR
 15 REDUCTION OR TERMINATION OF COVERAGE OF ANY PERSON UPON HIS
 16 ELIGIBILITY FOR COVERAGE UNDER MEDICARE OR UNDER ANY OTHER
 17 STATE OR FEDERAL LAW PROVIDING FOR BENEFITS SIMILAR TO THOSE
 18 PROVIDED BY THE CONVERTED POLICY.

19 NEW SECTION. SECTION 20. INSURED'S FAMILY --
 20 CONVERSION ENTITLEMENT. SUBJECT TO THE CONDITIONS SET FORTH
 21 IN THIS SECTION, THE CONVERSION PRIVILEGE IS ALSO AVAILABLE:
 22 (1) TO THE SURVIVING SPOUSE, IF ANY, AT THE DEATH OF
 23 THE EMPLOYEE OR MEMBER, WITH RESPECT TO THE SPOUSE AND SUCH
 24 CHILDREN WHOSE COVERAGE UNDER THE GROUP POLICY TERMINATES BY
 25 REASON OF SUCH DEATH, OTHERWISE TO EACH SURVIVING CHILD

1 WHOSE COVERAGE UNDER THE GROUP POLICY TERMINATES BY REASON
 2 OF SUCH DEATH, OR IF THE GROUP POLICY PROVIDES FOR
 3 CONTINUATION OF DEPENDENTS' COVERAGE FOLLOWING THE
 4 EMPLOYEE'S OR MEMBER'S DEATH, AT THE END OF SUCH
 5 CONTINUATION;

6 (2) TO THE SPOUSE OF THE EMPLOYEE OR MEMBER UPON
 7 TERMINATION OF COVERAGE OF THE SPOUSE, BY REASON OF CEASING
 8 TO BE A QUALIFIED FAMILY MEMBER UNDER THE GROUP POLICY,
 9 WHILE THE EMPLOYEE OR MEMBER REMAINS INSURED UNDER THE GROUP
 10 POLICY, INCLUDING SUCH CHILDREN WHOSE COVERAGE UNDER THE
 11 GROUP POLICY TERMINATES AT THE SAME TIME; OR

12 (3) TO A CHILD SOLELY WITH RESPECT TO HIMSELF UPON
 13 TERMINATION OF HIS COVERAGE BY REASON OF CEASING TO BE A
 14 QUALIFIED FAMILY MEMBER UNDER THE GROUP POLICY, IF A
 15 CONVERSION PRIVILEGE IS NOT OTHERWISE PROVIDED ABOVE WITH
 16 RESPECT TO SUCH TERMINATION.

17 Section 21. Severability. If a part of this act is
 18 invalid, all valid parts that are severable from the invalid
 19 part remain in effect. If a part of this act is invalid in
 20 one or more of its applications, the part remains in effect
 21 in all valid applications that are severable from the
 22 invalid applications.

23 Section 22. Codification instruction. (1) Sections 3y
 24 and 4y-AND-5 THROUGH 11 are intended to be codified as
 25 integral parts of Title 33, chapter 22, part 5, and

1 provisions of Title 33, chapter 22, apply to sections 3y and
 2 4y-AND-5 THROUGH 11.

3 (2) Sections 5-through 6-AND 7 12 THROUGH 20 are
 4 intended to be codified as integral parts of Title 33,
 5 chapter 30, part 10, and provisions of title-33-chapter-22-
 6 and-of Title 33, chapter 30, apply to sections 5-through 6
 7 AND 7 12 THROUGH 20.

8 Section 23. Effective date. This act is effective July

9 1, 1981.

-End-

SENATE BILL NO. 129
INTRODUCED BY TURNAGE, NORMAN

4 A BILL FOR AN ACT ENTITLED: "AN ACT REGULATING CONVERSIONS
5 OF GROUP LIFE INSURANCE AND GROUP DISABILITY INSURANCE AND
6 PROVIDING FOR CONTINUATION OF GROUP COVERAGE UNDER CERTAIN
7 CIRCUMSTANCES; AMENDING SECTIONS 33-20-1209 AND 33-20-1210,
8 MCA; AND PROVIDING AN EFFECTIVE DATE."

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

11 Section 1. Section 33-20-1209, MCA, is amended to
12 read:

13 "33-20-1209. Conversion on termination of eligibility.
14 (1) The group life insurance policy shall contain a
15 provision that if the insurance or any portion of it on a
16 person covered under the policy ceases because of
17 termination of employment or of membership in the class or
18 classes eligible for coverage under the policy, such person
19 shall be entitled to have issued to him by the insurer,
20 without evidence of insurability, an individual policy of
21 life insurance without--disability--or--other--supplementary
22 benefits, provided application for the individual policy
23 shall be made and the first premium paid tendered PAID to
24 the insurer within 31 days after such termination written
25 notice SUCH TERMINATION by-the-insurer-to-the-insured-of-the

1 insured's-right-of-conversion--and--pending--termination--of
2 coverage, and provided further that:
3 t27(a) the individual policy shall, at the option of
4 such person, be on any one of the forms, except including
5 but not limited to term insurance, IF THE GROUP POLICY SO
6 PROVIDES, then customarily issued by the insurer at-the-age
7 and-for-the-amount-applyed-for AT THE AGE AND FOR THE AMOUNT
8 APPLIED FOR and shall offer benefits at least equal to those
9 under the group coverage;
10 t27(b) the individual policy shall, at the option of
11 the insured, be in an amount not in excess of the amount of
12 life insurance which ceases because of such termination,
13 tess-the-amount-of-any-life-insurance-for-which-such--person
14 is--or--becomes-eligible-under-any-other-group-policy-within
15 31--days--after--such--termination LESS THE AMOUNT OF ANY LIFE
16 INSURANCE FOR WHICH SUCH PERSON IS INSURED UNDER ANY OTHER
17 GROUP POLICY WITHIN 31 DAYS AFTER SUCH TERMINATION, provided
18 that any amount of insurance which shall have matured on or
19 before the date of such termination as an endowment payable
20 to the person insured, whether in one sum or in installments
21 or in the form of an annuity, shall not, for the purposes of
22 this provision, be included in the amount which is
23 considered to cease because of such termination; and
24 t27(c) the premium on the individual policy shall be
25 at the insurer's then customary rate applicable to the form

1 end-amount-of-the-individual-policy--to-the-class-of-risk-to
 2 which--such--person--then--belongs--and--to--his--age--attained--on
 3 the--effective--date--other--members--of--the--group--and--the--amount
 4 FORM AND AMOUNT OF THE INDIVIDUAL POLICY, TO THE CLASS OF
 5 RISK TO WHICH SUCH PERSON THEN BELONGS, AND TO HIS AGE
 6 ATTAINED ON THE EFFECTIVE DATE of the individual policy.

7 (2) With the consent of the employer, a person covered
 8 under a group life insurance policy issued to an employer or
 9 to the trustees of a fund established by an employer under
 10 33-20-1101 may continue his coverage under the group policy
 11 after termination of--his--qualifying--employment--or--after
 12 DURING HIS EMPLOYMENT NOTWITHSTANDING reduction of his
 13 regular work schedule to less than the minimum number of
 14 hours required for eligibility for membership. The premium
 15 charged for the continued coverage shall be equal to that
 16 charged other members of the group. Such person's coverage
 17 under the group will cease if he subsequently becomes
 18 eligible and--he--elects FOR coverage under another group
 19 policy because of employment elsewhere."

20 Section 2. Section 33-20-1210, MCA, is amended to
 21 read:

22 "33-20-1210. Conversion on termination of policy. The
 23 group life insurance policy shall contain a provision that
 24 if the group policy terminates or is amended so as to
 25 terminate the insurance of any class of insured persons,

1 every person insured thereunder at the date of such
 2 termination whose insurance terminates and who has been so
 3 insured for at least 5 years ~~1 year~~ 3 YEARS prior to such
 4 termination date shall be entitled to have issued to him by
 5 the insurer an individual policy of life insurance, subject
 6 to in-the-same-amount-of-insurance-and-under SUBJECT TO the
 7 same conditions and limitations as are provided by
 8 33-20-1209, except that the group policy may ~~shall~~ MAY
 9 provide that the amount of such individual policy shall MAY
 10 not-exceed-the-smaller-of: NOT EXCEED THE SMALLER OF:

11 ~~if~~(1) be-offered-by-the-insurer-in the amount of the
 12 person's life insurance protection ceasing because of the
 13 termination or amendment of the group policy--less--the
 14 amount--of--any--life--insurance--for--which--he--is--or--becomes
 15 eligible--under--any--group--policy--issued--or--reinstated--by--the
 16 same--or--another--insurer--within--31--days--after--such
 17 termination--and, LESS THE AMOUNT OF ANY LIFE INSURANCE FOR
 18 WHICH HE IS OR BECOMES ELIGIBLE UNDER ANY GROUP POLICY
 19 ISSUED OR REINSTATED BY THE SAME OR ANOTHER INSURER WITHIN
 20 31 DAYS AFTER SUCH TERMINATION; AND

21 ~~if~~(2) \$2,000 \$10,000."
 22 NEW SECTION--Section 3--Conversion--on--disbanding--of
 23 group--The group disability insurance policy shall--contain
 24 a--provision--that--if--the--coverage--under--the--policy--ceases
 25 because--of--disbanding--of--the--group--each--person--insured

1 because--of-his-employment-in-the-group-shall-be-entitled-to
 2 have-issued-to-him--by--the--insurer--without--evidence--of
 3 insurability--an--individual-policy-of-disability-insurance
 4 covering--himself--and--his--dependents--or--family--members
 5 covered-under-the-group--provided:

6 (1)--application--for-the-individual-policy-is-made-and
 7 the-first-premium-tendered-to-the--insurer--within--31--days
 8 after--written--notice--by-the-insurer-to-the--insured--of-the
 9 insured's--right-to-conversion-of--coverage--and--of--pending
 10 termination--and

11 (2)--the--individual--policy--shall--offer--benefits--at
 12 least--equal--to--those--under--the--group--coverage--terminated--by
 13 the--disbanding--and

14 (3)--the--premium--on--the--individual--policy--shall--be--at
 15 the--insurer's--then--customary--rates--applicable--to--the--group's
 16 existing--amount--of--individual--policy--and--the--class--of--risk
 17 of--the--person--insured--under--the--group--

18 NEW SECTION. Section 3. Continuing group coverage
 19 after termination. A person covered by a group disability
 20 insurance policy issued OR RENEWED AFTER OCTOBER 1, 1981,
 21 under 33-22-501(1) may, FOR A PERIOD OF 1 YEAR, with the
 22 consent of the employer or the trustees, continue coverage
 23 under group disability policy after--terminating--his
 24 qualifying--employment--or--after--reducing DURING HIS
 25 EMPLOYMENT NOTWITHSTANDING ANY REDUCTION OF his regular work

1 schedule to less than the minimum time required to qualify
 2 for membership in the group, and the premium charged him
 3 shall be equal to that charged other members of the group of
 4 the same risk class.

5 NEW SECTION. Section 5. Conversion-on-termination--of
 6 group--contract--OR--a--group--hospital--or--medical--service
 7 plan--contract--in--effect--by--a--health--service--corporation
 8 after--duly--1981--shall--contain-a--provision--that--if--the
 9 coverage--under--the--contract--ceases--because--of--disbanding--of
 10 the--group--each--person--covered--because--of--his--employment--in
 11 the--group--shall--be--entitled--to--have--issued--to--him--by--the
 12 health--service--corporation,--without--evidence--of
 13 insurability--an--individual--hospital--or--medical--service--plan
 14 contract--covering--himself--and--his--dependents--or--family
 15 members--covered--under--the--group--provided--application--for
 16 the--individual--contract--is--made--and--the--first--premium
 17 tendered--to--the--health--service--corporation--within--31--days
 18 after--written--notice--by--the--insurer--to--the--insured--of--the
 19 insured's--right--to--conversion.

20 (2)--The--individual--contract--shall--provide--benefits
 21 equal--to--those--under--the--group--contract--terminated--by--the
 22 disbanding--

23 (3)--The--premium--on--the--individual--contract--shall--be--at
 24 the--insurer's--then--customary--rates--applicable--to--the--form
 25 and--the--amount--of--the--individual--contract--and--the--class--of

1 risk--of--the--person--covered--but--in-no-case-more--than-5%
 2 greater--than--the--group--premium--charged--for--like--benefits
 3 under--the--group--contract.

4 NEW-SECTION--SECTION-4--CONDITIONS--OF--CONTINUATION
 5 ~~FOR-A-GROUP-POLICY-DELIVERED-OR-ISSUED-FOR-DELIVERY-IN-THIS~~
 6 ~~STATE--THAT-ENSURES-EMPLOYEES-OR-MEMBERS-FOR-HOSPITALY~~
 7 ~~SURGEON-OR-MAJOR-MEDICAL-INSURANCE-ON-AN-EXPENSE-INCURRED~~
 8 ~~OR-SERVICE--BASIS--OTHER-THAN-FOR-SPECIFIC-DISEASES-OR-FOR~~
 9 ~~ACCIDENTAL-INJURIES-ONLY--MUST-PROVIDE--THAT-EMPLOYEES-OR~~
 10 ~~MEMBERS--WHOSE-INSURANCE--UNDER--THE--GROUP--POLICY--WOULD~~
 11 ~~OTHERWISE-TERMINATE--BECAUSE-OF-TERMINATION-OF-EMPLOYMENT--OR~~
 12 ~~MEMBERSHIP--MAY--CONTINUE--THE-HOSPITALY-SURGEON-AND-MAJOR~~
 13 ~~MEDICAL-INSURANCE--COVERAGE--OF--THAT--GROUP--POLICY--FOR~~
 14 ~~THEMSELVES--AND--THEIR-ELIGIBLE-DEPENDENTS--SUBJECT-TO-AT-OF~~
 15 ~~THE-GROUP-POLICY'S-TERMS-AND-CONDITIONS-APPLICABLE-TO--THOSE~~
 16 ~~FORMS--OF-INSURANCE--AND-SUBJECT-TO-THE-FOLLOWING-CONDITIONS--~~
 17 ~~CONTINUATION-IS-AVAILABLE-ONLY-TO-AN-EMPLOYEE-OR~~
 18 ~~MEMBER--WHO--HAS--BEEN--CONTINUOUSLY-INSURED-UNDER--THE-GROUP~~
 19 ~~POLICY--AND--FOR-SIMILAR--BENEFITS--UNDER--ANY--GROUP--POLICY~~
 20 ~~WHICH--IF--REPEATED--DURING--THE-ENTIRE-3-MONTH-PERIOD--ENDING~~
 21 ~~WITH-TERMINATION--~~
 22 ~~CONTINUATION-IS-NOT-AVAILABLE-FOR-A-PERSON--WHO--IS~~
 23 ~~OR--ELIGIBLE--BE-~~
 24 ~~NOT-COVERED-BY-MEDICARE-OR~~
 25 ~~NOT-COVERED--BY--ANY--OTHER--INSURED-OR-UNINSURED~~

1 ARRANGEMENT--WHICH-PROVIDES-HOSPITALY--SURGEON--OR--MEDICAL
 2 COVERAGE-FOR-INDIVIDUALS-IN-A-GROUP
 3 ~~FOR-CONTINUATION--BE--COVERAGE-IS-REQUESTED-IN-WRITING~~
 4 ~~WITHIN-30-DAYS-AFTER-THE-LATER-OF-~~
 5 ~~NOT-THE-DATE-OF-TERMINATION-OR~~
 6 ~~NOT-THE-DATE-THE-EMPLOYEE-IS-GIVEN-NOTICE-OF-THE-RIGHT~~
 7 ~~OF-CONTINUATION--BY--EITHER--HIS-EMPLOYER-OR--THE-GROUP~~
 8 ~~POLICYHOLDER--~~
 9 ~~NOT-AN-EMPLOYEE-OR-MEMBER-ELECTING-CONTINUATION-MUST~~
 10 ~~PAY-TO-THE-GROUP-POLICYHOLDER-OR-HIS-EMPLOYEE-ON-THE-SAME~~
 11 ~~DATE--OF--EACH-PAYMENT--ON-A-MONTHLY-BASIS--IN-ADVANCE--THE~~
 12 ~~AMOUNT-OF-CONTINUATION-REQUIRED--BY--THE-POLICYHOLDER--OR~~
 13 ~~EMPLOYER--BUT-NOT-MORE--THAN--THE-GROUP-RATE--FOR--THE-INSURANCE~~
 14 ~~BEING--CONTINUED--UNDER--THE-GROUP-POLICY--THE-EMPLOYEE'S-OR~~
 15 ~~MEMBER'S-WRITTEN-ELECTION-OF-CONTINUATION--TOGETHER--WITH--THE~~
 16 ~~FIRST-CONTRIBUTION-REQUIRED--TO-ESTABLISH-CONTRIBUTIONS-ON--A~~
 17 ~~MONTHLY-BASIS--IN-ADVANCE--MUST-BE-GIVEN-TO--THE-POLICYHOLDER~~
 18 ~~OR-EMPLOYER--WITHIN-30-DAYS-OF-THE-DATE--THE-EMPLOYEE'S-OR~~
 19 ~~MEMBER'S-INSURANCE-WOULD-OTHERWISE-TERMINATE--~~
 20 ~~NOT-CONTINUATION--OF--INSURANCE--UNDER--THE-GROUP-POLICY~~
 21 ~~TERMINATES--WHEN--THE-INSURED-QUALIFIES--FOR--THE--ALTERNATIVE~~
 22 ~~COVERAGE--SPECIFIED-IN-SUBSECTION-11111-OR--IF-EARLIER--AT~~
 23 ~~THE-FIRST-TO-OCUR-OF-THE-FOLLOWING--~~
 24 ~~NOT-6-MONTHS-AFTER-THE-DATE-THE-EMPLOYEE'S-OR-MEMBER'S~~
 25 ~~INSURANCE-UNDER-THE-POLICY-WOULD-OTHERWISE-HAVE-TERMINATED~~

1 BECAUSE-OF-TERMINATION-OF-EMPLOYMENT-OR-MEMBERSHIP
 2 (B)--THE-END-OF-THE-PERIOD-FOR-WHICH-CONTRIBUTIONS-WERE
 3 MADE--IF-THE-EMPLOYEE-OR-MEMBER-FAILS-TO-MAKE-TIMELY-PAYMENT
 4 OR--IS-REQUIRED-CONTRIBUTION-OR
 5 THE-DATE-WHEN-THE-GROUP-POLICY-IS-TERMINATED--OR,
 6 IN-THE-EASE-OF-AN-EMPLOYEE--THE-DATE-HIS-EMPLOYER-TERMINATES
 7 PARTICIPATION-UNDER-THE-GROUP-POLICY.
 8 (C)--IF--SUBSECTION--(3)(c)--APPLIES--AND--THE-COVERAGE
 9 CEASING-BY-REASON-OF-SUCH-TERMINATION-IS-REPLACED-BY-SIMILAR
 10 COVERAGE-UNDER-ANOTHER-GROUP-POLICY
 11 THAT-THE-EMPLOYEE-OR-MEMBER-HAS-THE-RIGHT-OF-COVERAGE
 12 UNDER--THAT-OTHER-GROUP-POLICY-FOR-THE-BALANCE-OF-THE-PERIOD
 13 THAT-HE-WOULD-HAVE-REMAINED-COVERED-UNDER--THE-PRIOR-GROUP
 14 POLICY--IN-ACCORDANCE-WITH-SUBSECTION-131-HAD-A-TERMINATION
 15 DESCRIBED-IN-SUBSECTION-131--NOT-_OCCURRED.
 16 FOR--THE-MINIMUM-LEVEL--OF-BENEFITS--PROVIDED--BY--THE
 17 OTHER-GROUP-POLICY--IS-THE-APPLICABLE-LEVEL--OF-BENEFITS--OF
 18 THE-PRIOR-GROUP-POLICY--REDUCED-BY-ANY-BENEFITS-PAYABLE-UNDER
 19 THAT-PRIOR-GROUP-POLICY.
 20 (E)--THE-PRIOR-GROUP-POLICY--CONTINUES--TO--PROVIDE
 21 BENEFITS--TO--THE-EXTENT--OF-ITS--AGREED-LIABILITIES--AND
 22 EXTENSIONS--OF--BENEFITS--AS--IF--THE-REPLACEMENT--HAD--NOT
 23 _OCCURRED.
 24 (F)--NOTIFICATION-OF-THE-CONTINUATION-PRIVILEGE-MUST-BE
 25 INCLUDED-IN-EACH-CERTIFICATE-OF-COVERAGE.

1 NEW SECTION. SECTION 4. CONVERSION ON TERMINATION OF
 2 ELIGIBILITY. (1) A GROUP DISABILITY INSURANCE POLICY ISSUED
 3 OR RENEWED AFTER OCTOBER 1, 1981, SHALL CONTAIN A PROVISION
 4 THAT IF THE INSURANCE OR ANY PORTION OF IT ON A PERSON, HIS
 5 DEPENDENTS, OR FAMILY MEMBERS COVERED UNDER THE POLICY
 6 CEASES BECAUSE OF TERMINATION OF HIS EMPLOYMENT OR OF HIS
 7 MEMBERSHIP IN THE CLASS OR CLASSES ELIGIBLE FOR COVERAGE
 8 UNDER THE POLICY, OR AS A RESULT OF HIS EMPLOYER
 9 DISCONTINUING HIS BUSINESS, SUCH PERSON SHALL, PROVIDED HE
 10 HAD BEEN INSURED FOR A PERIOD OF 3 MONTHS, BE ENTITLED TO
 11 HAVE ISSUED TO HIM BY THE INSURER, WITHOUT EVIDENCE OF
 12 INSURABILITY, AN INDIVIDUAL POLICY OF HOSPITAL OR MEDICAL
 13 SERVICE INSURANCE ON HIMSELF, HIS DEPENDENTS, OR FAMILY
 14 MEMBERS, PROVIDED APPLICATION FOR THE INDIVIDUAL POLICY
 15 SHALL BE MADE AND THE FIRST PREMIUM TENDERED TO THE INSURER
 16 WITHIN 31 DAYS AFTER THE TERMINATION OF GROUP COVERAGE.
 17 (2) THE INDIVIDUAL POLICY, AT THE OPTION OF THE
 18 INSURER INSURED, SHALL BE ON ANY OF THE FORMS THEN
 19 CUSTOMARILY ISSUED BY THE INSURER TO INDIVIDUAL
 20 POLICYHOLDERS WITH THE EXCEPTION OF THOSE POLICIES WHOSE
 21 ELIGIBILITY IS DETERMINED BY AFFILIATION OTHER THAN BY
 22 EMPLOYMENT WITH A COMMON ENTITY.
 23 (3) THE PREMIUM ON THE INDIVIDUAL POLICY SHALL BE AT
 24 THE INSURER'S THEN CUSTOMARY RATE APPLICABLE TO THE COVERAGE
 25 OF THE INDIVIDUAL POLICY.

1 NEW SECTION--SECTION 6--OTHER--HEALTH--COVERAGE--
 2 LIMITATIONS--ON--ISSUANCE--OF--CONVERTED--POLICY--THE--INSURER--IS
 3 NOT--REQUIRED--TO--ISSUE--A--CONVERTED--POLICY--COVERING--ANY--PERSON
 4 WHO--IS--OR--COULD--BE--COVERED--BY--MEDICARE--AND--THE--INSURER--IS
 5 NOT--REQUIRED--TO--ISSUE--A--CONVERTED--POLICY--COVERING--ANY--PERSON
 6 WHO--
 7 IS--NOT--COVERED--FOR--SIMILAR--BENEFITS--BY--ANOTHER
 8 INDIVIDUAL--POLICY
 9 OR--IS--OR--COULD--BE--COVERED--FOR--SIMILAR--BENEFITS--UNDER
 10 ANY--ARRANGEMENT--OR--COVERAGE--FOR--INDIVIDUALS--IN--A--GROUP,
 11 WHETHER--INSURED--OR--UNINSURED--OR
 12 IS--ELIGIBLE--FOR--SIMILAR--BENEFITS--BY--REASON--OF--ANY
 13 STATE--OR--FEDERAL--LAW--AND
 14 WHOSE--BENEFITS--UNDER--SOURCES--REFERRED--TO--IN
 15 SUBSECTION--1--OR--BENEFITS--PROVIDED--OR--AVAILABLE--UNDER
 16 SOURCES--REFERRED--TO--IN--SUBSECTIONS--1--AND--1--
 17 TOGETHER--WITH--THE--CONVERTED--POLICY'S--BENEFITS--WOULD--RESET
 18 IN--A--DUPLICATION--OF--BENEFITS.
 19 NEW SECTION--SECTION 7--BENEFIT--LEVELS--CONVERTED
 20 POLICY--NEED--BE--NO--GREATER--THAN--GROUP--POLICY--AN--INSURER--IS
 21 NOT--REQUIRED--TO--ISSUE--A--CONVERTED--POLICY--PROVIDING--BENEFITS
 22 IN--EXCESS--OF--THE--HOSPITAL--SURGICAL--OR--MAJOR--MEDICAL
 23 INSURANCE--UNDER--THE--GROUP--POLICY--FROM--WHICH--CONVERSION--IS
 24 MADE.
 25 NEW SECTION--SECTION 8--PREEEXISTING--CONDITIONS--

1 TOTAL--BENEFITS--PAYABLE--FIRST--POLICY--YEAR--THE--CONVERTED
 2 POLICY--MAY--NOT--EXCEED--AS--A--PREEEXISTING--CONDITION--ANY
 3 CONDITION--COVERED--BY--THE--GROUP--POLICY--BUT--THE--CONVERTED
 4 POLICY--MAY--PROVIDE--FOR--A--REDUCTION--OF--ITS--HOSPITAL--
 5 SURGICAL--OR--MEDICAL--BENEFITS--BY--THE--AMOUNT--OF--ANY--SUCH
 6 BENEFITS--PAYABLE--UNDER--THE--GROUP--POLICY--AFTER--THE
 7 INDIVIDUAL'S--INSURANCE--TERMINATES--THEREUNDER--THE--CONVERTED
 8 POLICY--MAY--ALSO--PROVIDE--THAT--DURING--THE--FIRST--POLICY--YEAR
 9 THE--BENEFITS--PAYABLE--UNDER--THE--CONVERTED--POLICY--TOGETHER
 10 WITH--THE--BENEFITS--PAYABLE--UNDER--THE--GROUP--POLICY--MAY--NOT
 11 EXCEED--THOSE--THAT--WOULD--HAVE--BEEN--PAYABLE--HAD--THE
 12 INDIVIDUAL'S--INSURANCE--UNDER--THE--GROUP--POLICY--REMAINED--IN
 13 FORCE.
 14 NEW SECTION--SECTION 9--CONTINUED--GROUP--INSURANCE
 15 UPON--RETIREMENT--CONVERSION--SECTION--IF--COVERAGE--IS--NOT
 16 BE--CONTINUED--UNDER--THE--GROUP--POLICY--ON--AN--EMPLOYEE--OR--MEMBER
 17 FOLLOWING--HIS--RETIREMENT--PRIOR--TO--THE--TIME--HE--IS--OR--BECOME--OR
 18 COVERED--BY--MEDICARE--THE--EMPLOYEE--OR--MEMBER--MAY--ELIGIBLE--IN
 19 ELIGIBILITY--CONTINUATION--OF--GROUP--INSURANCE--TO--HAVE--THE
 20 SAME--CONVERSION--RIGHTS--AS--WOULD--APPLY--HAD--THE--INSURANCE
 21 TERMINATED--AT--RETIREMENT.
 22 NEW SECTION--SECTION 10--MEDICARE--ELIGIBILITY--
 23 BENEFIT--REDUCTION--THE--CONVERTED--POLICY--MAY--PROVIDE--FOR
 24 REDUCTION--OR--TERMINATION--OF--COVERAGE--OF--ANY--PERSON--UPON--HIS
 25 ELIGIBILITY--FOR--COVERAGE--UNDER--MEDICARE--OR--UNDER--ANY--OTHER

1 STATE-OR-FEDERAL-LAW-PROVIDING-FOR-BENEFITS-SIMILAR-TO-THOSE
 2 PROVIDED-BY-THE-CONVERTED-POLICY.
 3 NEW-SECTION--SECTION-11--INSURED'S-FAMILY--
 4 CONVERSION-ENTITLEMENT--SUBJECT-TO-THE-CONDITIONS-SET-FORTH
 5 IN-THIS-SECTION--THE-CONVERSION-PRIVILEGE-IS-ALSO-AVAILABLE
 6 FOR
 7 THE-SURVIVING-SPOUSE--IF-ANY--AT-THE-DEATH-OF--THE
 8 EMPLOYEE--OR--MEMBER--WITH-RESPECT--TO-THE-SPOUSE-AND-SUCH
 9 CHILDREN--WHOSE-COVERAGE-UNDER-THE-GROUP-POLICY-TERMINATES-BY
 10 REASON-OF-SUCH-DEATH--OTHERWISE--FOR-EACH--SURVIVING--CHILD
 11 WHOSE-COVERAGE--UNDER-THE-GROUP-POLICY-TERMINATES-BY-REASON
 12 OF-SUCH-DEATH--OR--IF--THE-GROUP-POLICY--PROVIDES--FOR
 13 CONTINUATION--OF--DEPENDENTS--COVERAGE--FOLLOWING--THE
 14 EMPLOYEE'S--OR--MEMBER'S--DEATH--AT--THE--END--OF--SUCH
 15 CONTINUATION.
 16 THE-SPOUSE--OF--THE--EMPLOYEE--OR--MEMBER--UPON
 17 TERMINATION--OF--COVERAGE--OF--THE-SPOUSE--BY--REASON--OF--CEASING
 18 TO--BE--A--QUALIFIED--FAMILY--MEMBER--UNDER--THE-GROUP-POLICY,
 19 WHILE--THE-EMPLOYEE-OR-MEMBER-REMAINS-INSURED-UNDER-THE-GROUP
 20 POLICY--INCLUDING-SUCH-CHILDREN--WHOSE-COVERAGE--UNDER-THE
 21 GROUP-POLICY-TERMINATES-AT-THE-SAME-TIME--OR
 22 THE--A--CHILD--SOLELY--WITH-RESPECT--TO--HIMSELF--UPON
 23 TERMINATION--OF--HIS-COVERAGE--BY--REASON--OF--CEASING--TO--BE--A
 24 QUALIFIED--FAMILY--MEMBER--UNDER--THE--GROUP--POLICY--IF--A
 25 CONVERSION-PRIVILEGE-IS-NOT-OTHERWISE-PROVIDED--ABOVE--WITH

1 RESPECT--TO-SUCH-TERMINATION.
 2 NEW-SECTION--SECTION-13--CONDITIONS-OF-CONTINUATION.
 3 Section 5. Continuing group coverage
 4 after termination. A person covered by a group hospital or
 5 medical service plan contract, issued OR RENEWED by a health
 6 service corporation after July OCTOBER 1, 1981, may, FOR A
 7 PERIOD OF 1 YEAR with the consent of the employer or the
 8 trustees, continue coverage under the group contract after
 9 terminating-his--qualifying--employment--or--after--reducing
 10 DURING HIS EMPLOYMENT NOTWITHSTANDING ANY REDUCTION OF his
 11 regular work schedule to less than the minimum time required
 12 to qualify for membership in the group, and the premium
 13 charged him shall be equal to that charged the members of
 14 the group.
 15 NEW-SECTION--SECTION-13--CONDITIONS-OF-CONTINUATION.
 16 THE-A-GROUP-HOSPITAL-OR-MEDICAL-SERVICE-PLAN-CONTRACT
 17 DELIVERED-OR-ISSUED-FOR-DETERMINED-IN-THIS-STATE-THAT--ENSURES
 18 EMPLOYEES--OR--MEMBERS--FOR--HOSPITAL--SURGERY--OR--MAJOR
 19 MEDICAL-INSURANCE-ON-AN-EXPENSE-INCURRED-OR-SERVICE-BASIS,
 20 OTHER--THAN--FOR--SPECIFIC-DISEASES-OR--FOR--ACCIDENTAL-INJURIES
 21 ONLY--MUST--PROVIDE--THAT-EMPLOYEES-OR-MEMBERS--WHOSE-INSURANCE
 22 UNDER-THE-GROUP-CONTRACT-WOULD-OTHERWISE--TERMINATE--BECAUSE
 23 OF--TERMINATION--OF--EMPLOYMENT-OR-MEMBERSHIP-MAY--CONTINUE--THE
 24 HOSPITAL--SURGERY--AND--MAJOR--MEDICAL--INSURANCE--COVERAGE--OF
 25 THAT--GROUP--CONTRACT--FOR--THEMSELVES--AND--THEIR--ELIGIBLE
DEPENDENTS--SUBJECT--TO--THE--OF--THE--GROUP--CONTRACT'S--TERMS--AND

1 CONDITIONS--APPLICABLE--TO--THOSE--FORMS--OF--INSURANCE--AND
 2 SUBJECT--TO--THE--FOLLOWING--CONDITIONS--
 3 ~~1~~--CONTINUATION--IS--AVAILABLE--ONLY--TO--AN--EMPLOYEE--OR
 4 MEMBER--WHO--HAS--BEEN--CONTINUOUSLY--INSURED--UNDER--THE--GROUP
 5 CONTRACT--AND--FOR--SIMILAR--BENEFITS--UNDER--ANY--GROUP--POLICY--OR
 6 CONTRACT--WHICH--IT--REPLACES--DURING--THE--ENTIRE--3--MONTH--PERIOD
 7 ENDING--WITH--TERMINATION--
 8 ~~1~~--CONTINUATION--IS--NOT--AVAILABLE--FOR--A--PERSON--WHO--IS
 9 OR--ELIGIBLE--
 10 ~~1~~--COVERED--BY--MEDICARE--OR
 11 ~~1~~--COVERED--BY--ANY--OTHER--INSURED--OR--UNINSURED
 12 ARRANGEMENT--WHICH--PROVIDES--HOSPITAL--SURGEON--OR--MEDICAL
 13 COVERAGE--FOR--INDIVIDUALS--IN--A--GROUP--
 14 ~~1~~--CONTINUATION--OF--COVERAGE--IS--REQUESTED--IN--WRITING
 15 WITHIN--31--DAYS--AFTER--THE--LATER--OF--
 16 ~~1~~--THE--DATE--OF--SUCH--TERMINATION--OR
 17 ~~1~~--THE--DATE--THE--EMPLOYEE--IS--GIVEN--NOTICE--OF--THE--RIGHT
 18 OF--CONTINUATION--BY--EITHER--HIS--EMPLOYER--OR--THE--GROUP
 19 CONTRACTHOLDER--
 20 ~~1~~--AN--EMPLOYEE--OR--MEMBER--ELECTING--CONTINUATION--MUST
 21 PAY--TO--THE--GROUP--POLICYHOLDER--OR--HIS--EMPLOYER--ON--THE--
 22 DATE--OF--EACH--PAYMENT--ON--A--MONTHLY--BASIS--IN--ADVANCE--OF--THE
 23 AMOUNT--OF--CONTRIBUTION--REQUIRED--BY--THE--CONTRACTHOLDER--OR
 24 EMPLOYER--BUT--NOT--MORE--THAN--THE--GROUP--RATE--FOR--THE--INSURANCE
 25 BEING--CONTINUED--UNDER--THE--GROUP--POLICY--THE--EMPLOYEE--OR

1 MEMBER--IS--WRITTEN--ELECTION--OF--CONTINUATION--TOGETHER--WITH--THE
 2 FIRST--CONTRIBUTION--REQUIRED--TO--ESTABLISH--CONTRIBUTIONS--ON--A
 3 MONTHLY--BASIS--IN--ADVANCE--MUST--BE--GIVEN--TO--THE
 4 CONTRACTHOLDER--OR--EMPLOYER--WITHIN--31--DAYS--OF--THE--DATE--THE
 5 EMPLOYEE--S--OR--MEMBER--S--INSURANCE--WOULD--OTHERWISE--TERMINATE--
 6 ~~1~~--CONTINUATION--OF--INSURANCE--UNDER--THE--GROUP--POLICY
 7 TERMINATES--WHEN--THE--INSURED--QUALIFIES--FOR--THE--ALTERNATIVE
 8 COVERAGE--SPECIFIED--IN--SUBSECTION--1116--OR--IF--EARLIER--AT
 9 THE--FIRST--TO--OCUR--OF--THE--FOLLOWING--
 10 ~~1~~--6--MONTHS--AFTER--THE--DATE--THE--EMPLOYEE--S--OR--MEMBER--S
 11 INSURANCE--UNDER--THE--CONTRACT--WOULD--OTHERWISE--HAVE--TERMINATED
 12 BECAUSE--OF--TERMINATION--OF--EMPLOYMENT--OR--MEMBERSHIP--
 13 ~~1~~--THE--END--OF--THE--PERIOD--FOR--WHICH--CONTRIBUTIONS--WERE
 14 MADE--IF--THE--EMPLOYEE--OR--MEMBER--FAILS--TO--MAKE--TIMELY--PAYMENT
 15 OF--A--REQUIRED--CONTRIBUTION--OR
 16 ~~1~~--THE--DATE--WHEN--THE--GROUP--CONTRACT--IS--TERMINATED--OR--
 17 IN--THE--CASE--OF--AN--EMPLOYEE--THE--DATE--HIS--EMPLOYER--TERMINATES
 18 PARTICIPATION--UNDER--THE--GROUP--CONTRACT--
 19 ~~1~~--IF--SUBSECTION--1116--APPLIES--AND--THE--COVERAGE
 20 CEASING--BY--REASON--OF--SUCH--TERMINATION--IS--REPLACED--BY--SIMILAR
 21 COVERAGE--UNDER--ANOTHER--GROUP--POLICY--OR--CONTRACT--
 22 ~~1~~--THE--EMPLOYEE--OR--MEMBER--HAS--THE--RIGHT--OF--COVERAGE
 23 UNDER--THE--OTHER--GROUP--POLICY--OR--CONTRACT--FOR--THE--BALANCE--OF
 24 THE--PERIOD--THAT--HE--WOULD--HAVE--REMAINED--COVERED--UNDER--THE
 25 PRIOR--GROUP--CONTRACT--IN--ACCORDANCE--WITH--SUBSECTION--1116--A

1 TERMINATION-DESCRIBED-IN-SUBSECTION-(3)(E)-NOT-_OCCURRED,
 2 IF--THE-MINIMUM-LEVEL--OF--BENEFITS--PROVIDED--BY--THE
 3 OTHER--GROUP--POLICY--OR--CONTRACT--IS--THE--APPLICABLE-LEVEL--OF
 4 BENEFITS--OF--THE--PRIOR--GROUP--CONTRACT--REDUCED--BY--ANY--BENEFITS
 5 PAYABLE--UNDER--THAT--PRIOR--GROUP--CONTRACT,

6 (E)--THE--PRIOR--GROUP--CONTRACT--CONTINUES--TO--PROVIDE
 7 BENEFITS--TO--THE--EXTENT--OF--ITS--ACCREDITED--ELIGIBILITIES--AND
 8 EXTENSIONS--OF--BENEFITS--AS--IF--THE--REPLACEMENT--HAD--NOT
 9 _OCCURRED,

10 (5)--NOTIFICATION--OF--THE--CONTINUATION--PRIVILEGE--MUST--BE
 11 INCLUDED--IN--EACH--CERTIFICATE--OF--COVERAGE,

12 NEW SECTION. Section 6. Conversion on termination of
 13 eligibility. The group hospital or medical service plan
 14 contract in effect ISSUED OR RENEWED by a health service
 15 corporation after July OCTOBER 1, 1981, shall contain a
 16 provision that if the insurance or any portion of it on a
 17 person, his dependents, or family members covered under the
 18 policy ceases because of termination of his employment or of
 19 his membership in the class or classes eligible for coverage
 20 under the policy OR AS A RESULT OF AN EMPLOYER DISCONTINUING
 21 HIS BUSINESS, such person shall, PROVIDED HE HAS BEEN
 22 INSURED FOR A PERIOD OF 3 MONTHS, be entitled to have issued
 23 to him by the insurer, without evidence of insurability, an
 24 individual policy of hospital or medical service insurance
 25 on himself, his dependents, or family members, provided

1 application for the individual policy shall be made and the
 2 first premium tendered to the insurer within 31 days after
 3 written notice by the insurer to the insured of the
 4 insured's right of conversion and pending THE termination of
 5 group coverage.

6 (1) The individual policy shall, at the option of such
 7 person THE INSURED, be on any of the forms then customarily
 8 issued by the insurer TO INDIVIDUAL POLICYHOLDERS WITH THE
 9 EXCEPTION OF THOSE WHOSE ELIGIBILITY IS DETERMINED BY THEIR
 10 AFFILIATION OTHER THAN BY EMPLOYMENT WITH A PARTICULAR
 11 ENTITY, and shall offer benefits at least equal to those
 12 under the group coverage SUCH-INDIVIDUAL-POLICIES.

13 (2)--The individual policy shall, at the option of the
 14 insured, be in an amount not in excess of the amount of
 15 insurance which ceases because of such termination.

16 (3)(2) The premium on the individual policy shall be
 17 at the insurer's then customary rate applicable to the other
 18 members of the group and the coverage of the individual
 19 policy.

20 NEW SECTION--SECTION-15--OTHER--HEALTH--COVERAGE--
 21 IMITATIONS--ON--ISSUANCE--OF--CONVERTED--POLICY----THE--HEALTH
 22 SERVICE--CORPORATION--IS--NOT--REQUIRED--TO--ISSUE--A--CONVERTED
 23 POLICY--COVERING--ANY--PERSON--WHO--IS--OR--HAS--BEEN--COVERED--BY
 24 HEALTHCARE, AND THE HEALTH SERVICE CORPORATION IS NOT REQUIRED
 25 TO--ISSUE--A--CONVERTED--POLICY--COVERING--ANY--PERSON--WHO--

1 IS--NOT--COVERED--FOR--SIMILAR--BENEFITS--BY--ANOTHER
 2 INDIVIDUAL--POLICY
 3 IS--NOT--COVERED--FOR--SIMILAR--BENEFITS--UNDER
 4 ANY--ARRANGEMENT--OR--ELIGIBLE--FOR--INDIVIDUALS--IN--A--GROUP
 5 WHETHER--INSURED--OR--UNINSURED--OR
 6 IS--NOT--ELIGIBLE--FOR--SIMILAR--BENEFITS--BY--REASON--OF--ANY
 7 STATE--OR--FEDERAL--LAWS--AND
 8 WHOSE--BENEFITS--UNDER--SOURCES--REFERRED--TO--IN
 9 SUBSECTION--1111--OR--BENEFITS--PROVIDED--OR--AVAILABLE--UNDER
 10 SOURCES--REFERRED--TO--IN--SUBSECTIONS--1111--AND--1111
 11 TOGETHER--WITH--THE--CONVERTED--POLICY'S--BENEFITS--WHICH--RESULT
 12 IN--A--DUPLICATION--OF--BENEFITS.
 13 NEW--SECTION--18--BENEFIT--LEVELS--CONVERGED
 14 POLICY--NEED--BE--NO--GREATER--THAN--GROUP--POLICY--A--HEALTH
 15 SERVICE--CORPORATION--IS--NOT--REQUIRED--TO--ISSUE--A--CONVERTED
 16 POLICY--PROVIDING--BENEFITS--IN--EXCESS--OF--THE--HOSPITAL
 17 SURGEON--OR--MAJOR--MEDICAL--INSURANCE--UNDER--THE--GROUP--POLICY
 18 FROM--WHICH--CONVERSION--IS--MADE.
 19 NEW--SECTION--19--PREEXISTING--CONDITIONS--
 20 TOTAL--BENEFITS--PAYABLE--FIRST--POLICY--YEAR--THE--CONVERTED
 21 CONTRACT--MAY--NOT--EXCLUDE--AS--A--PREEXISTING--CONDITION--ANY
 22 COVERED--BY--THE--GROUP--CONTRACT--BUT--THE--CONVERTED--CONTRACT
 23 MAY--PROVIDE--FOR--A--REDUCTION--OF--HOSPITAL--SURGEON--OR
 24 MEDICAL--BENEFITS--BY--THE--AMOUNT--OF--ANY--SUCH--BENEFITS--PAYABLE
 25 UNDER--THE--GROUP--POLICY--AFTER--THE--INDIVIDUAL'S--INSURANCE

1 TERMINATES--THEREUNDER--THE--CONVERTED--POLICY--MAY--NOT--PROVIDE
 2 THAT--DURING--THE--FIRST--POLICY--YEAR--THE--BENEFITS--PAYABLE
 3 UNDER--THE--CONVERTED--POLICY--TOGETHER--WITH--THE--BENEFITS
 4 PAYABLE--UNDER--THE--GROUP--POLICY--MAY--NOT--EXCEED--THOSE--THAT
 5 WOULD--HAVE--BEEN--PAYABLE--HAD--THE--INDIVIDUAL'S--INSURANCE--UNDER
 6 THE--GROUP--POLICY--REMAINED--IN--FORCE.
 7 NEW--SECTION--SECTION--18--CONTINUED--GROUP--INSURANCE
 8 UPON--RETIREMENT--CONVERSION--EFFECT--IF--ELIGIBLE--WOULD
 9 BE--CONTINUED--UNDER--THE--GROUP--CONTRACT--UN--AN--EMPLOYEE--OR
 10 MEMBER--FOLLOWING--HIS--RETIREMENT--PRIOR--TO--THE--TIME--HE--IS--OR
 11 WOULD--BE--COVERED--BY--MEDICARE--THE--EMPLOYEE--OR--MEMBER--MAY
 12 EFFECT--IN--LIEU--OF--SUCH--CONTINUATION--OF--GROUP--INSURANCE--TO
 13 HAVE--THE--SAME--CONVERSION--RIGHTS--AS--WHICH--APPLY--HAD--THAT
 14 INSURANCE--TERMINATED--AT--RETIREMENT.
 15 NEW--SECTION--19--MEDICARE--ELIGIBILITY--
 16 BENEFIT--REDUCTION--THE--CONVERTED--POLICY--MAY--PROVIDE--FOR
 17 REDUCTION--OR--TERMINATION--OF--COVERAGE--OF--ANY--PERSON--UPON--HIS
 18 ELIGIBILITY--FOR--COVERAGE--UNDER--MEDICARE--OR--UNDER--ANY--OTHER
 19 STATE--OR--FEDERAL--LAWS--PROVIDING--FOR--BENEFITS--SIMILAR--TO--THOSE
 20 PROVIDED--BY--THE--CONVERTED--POLICY.
 21 NEW--SECTION--20--INSURED'S--FAMILY--
 22 CONVERSION--ENTITLEMENT--SUBJECT--TO--THE--CONDITIONS--SET--FORTH
 23 IN--THIS--SECTION--THE--CONVERSION--PRIVILEGE--IS--ALSO--AVAILABLE
 24 TO--THE--SURVIVING--SPouse--IF--ANY--AT--THE--DEATH--OF
 25 THE--EMPLOYEE--OR--MEMBER--WITH--RESPECT--TO--THE--SPouse--AND--SUCH

1 CHILDREN WHOSE COVERAGE UNDER THE GROUP POLICY TERMINATES BY
 2 REASON OF SUCH DEATH, OTHERWISE TO EACH SURVIVING CHILD
 3 WHOSE COVERAGE UNDER THE GROUP POLICY TERMINATES BY REASON
 4 OF SUCH DEATH, OR IF THE GROUP POLICY PROVIDES FOR
 5 CONTINUATION OF DEPENDENT'S COVERAGE FOLLOWING THE
 6 EMPLOYEE'S OR MEMBER'S DEATH, AT THE END OF SUCH
 7 CONTINUATION:
 8 (1) TO THE SPOUSE OF THE EMPLOYEE OR MEMBER UPON
 9 TERMINATION OF COVERAGE OF THE SPOUSE BY REASON OF CEASING
 10 TO BE A QUALIFIED FAMILY MEMBER UNDER THE GROUP POLICY,
 11 WHILE THE EMPLOYEE OR MEMBER REMAINS INSURED UNDER THE GROUP
 12 POLICY, INCLUDING SUCH CHILDREN WHOSE COVERAGE UNDER THE GROUP
 13 POLICY TERMINATES AT THE SAME TIME; OR
 14 (2) TO A CHILD SOLELY WITH RESPECT TO HIMSELF UPON
 15 TERMINATION OF HIS COVERAGE BY REASON OF CEASING TO BE A
 16 QUALIFIED FAMILY MEMBER UNDER THE GROUP POLICY, IF A
 17 CONVERSION PRIVILEGE IS NOT OTHERWISE PROVIDED ABOVE WITH
 18 RESPECT TO SUCH TERMINATION.
 19 NEW SECTION. SECTION 7. PREEXISTING CONDITIONS. THE
 20 CONVERTED POLICY MAY NOT EXCLUDE, AS A PREEXISTING
 21 CONDITION, ANY CONDITIONS COVERED BY THE GROUP CONTRACT.
 22 NEW SECTION. SECTION 8. INSURED'S FAMILY --
 23 CONVERSION ENTITLEMENT. SUBJECT TO THE CONDITIONS SET FORTH
 24 IN THIS SECTION, THE CONVERSION PRIVILEGE IS ALSO AVAILABLE:
 25 (1) TO THE SURVIVING SPOUSE, IF ANY, AT THE DEATH OF

1 THE EMPLOYEE OR MEMBER, WITH RESPECT TO THE SPOUSE AND SUCH
 2 CHILDREN WHOSE COVERAGE UNDER THE GROUP POLICY TERMINATES BY
 3 REASON OF SUCH DEATH, OTHERWISE TO EACH SURVIVING CHILD
 4 WHOSE COVERAGE UNDER THE GROUP POLICY TERMINATES BY REASON
 5 OF SUCH DEATH, OR IF THE GROUP POLICY PROVIDES FOR
 6 CONTINUATION OF DEPENDENT'S COVERAGE FOLLOWING THE
 7 EMPLOYEE'S OR MEMBER'S DEATH, AT THE END OF SUCH
 8 CONTINUATION:
 9 (1) TO THE SPOUSE OF THE EMPLOYEE OR MEMBER UPON
 10 TERMINATION OF COVERAGE OF THE SPOUSE BY REASON OF CEASING
 11 TO BE A QUALIFIED FAMILY MEMBER UNDER THE GROUP POLICY,
 12 WHILE THE EMPLOYEE OR MEMBER REMAINS UNDER THE GROUP POLICY,
 13 INCLUDING SUCH CHILDREN WHOSE COVERAGE UNDER THE GROUP
 14 POLICY TERMINATES AT THE SAME TIME; OR
 15 (2) TO A CHILD SOLELY WITH RESPECT TO HIMSELF UPON
 16 TERMINATION OF HIS COVERAGE BY REASON OF CEASING TO BE A
 17 QUALIFIED FAMILY MEMBER UNDER THE GROUP POLICY, IF A
 18 CONVERSION PRIVILEGE IS NOT OTHERWISE PROVIDED ABOVE WITH
 19 RESPECT TO SUCH TERMINATION.
 20 NEW SECTION. SECTION 9. APPLICABILITY.
 21 NOTWITHSTANDING ANY PROVISION OF TITLE 33 OR OTHER LAW TO
 22 THE CONTRARY, IT SHALL BE LAWFUL FOR AN INSURER AND INSURED
 23 TO AGREE TO ANY TERMS IN AN INSURANCE CONTRACT THAT PROVIDES
 24 MORE FAVORABLE TERMS FOR THE BENEFIT OF THE INSURED THAN
 25 AUTHORIZED IN TITLE 33 OR OTHER PROVISIONS OF LAW.

1 NEW SECTION. SECTION 10. CODIFICATION INSTRUCTION.
2 SECTIONS 3 THROUGH 9 SHALL APPLY ONLY TO DISABILITY INSURERS
3 AND HEALTH SERVICE CORPORATIONS.

4 Section 11. Severability. If a part of this act is
5 invalid, all valid parts that are severable from the invalid
6 part remain in effect. If a part of this act is invalid in
7 one or more of its applications, the part remains in effect
8 in all valid applications that are severable from the
9 invalid applications.

10 Section--22v--Codification--Instructions--tit--Sections--3v
11 and--4v--AND 5 THRU 6H--tit--are intended to be codified as
12 integrat--parts--of--Title--33v--chapter--22v--part--5v--and
13 provisions--of--Title--33v--chapter--22v--apply--to--sections--3v--and
14 4v--AND 5 THRU 6H--tit--

15 {2}--Sections--5--through 6--AND 7 12--THRU 6H--20--are
16 intended to be codified as--integrat--parts--of--Title--33v
17 chapter--30v--part--6v--and--provisions--of--Title--33v--chapter--22v
18 and--of--Title--33v--chapter--30v--apply--to--sections--5--through 6
19 AND 7 12--THRU 6H--20--

20 Section 12. Effective date. This act is effective July
21 1, 1981.

-End-

FREE CONFERENCE COMMITTEE
ON SENATE BILL NO. 129

(Report No. 1, April 22, 1981)

MR. PRESIDENT AND SPEAKER OF THE HOUSE:

We, your Free Conference Committee on Senate Bill No. 129, met April 22, 1981, and considered:

House Business and Industry Committee Amendments to the third reading copy, dated March 25, 1981, and recommend as follows:

That the House recede from Committee amendment nos. 1 through 4 and 6 through 10;

That the Senate accede to Committee amendment no. 5;

That Senate Bill No. 129 be further amended as specified in CLERICAL INSTRUCTION nos. 5 through 8;

That the reference copy of Senate Bill No. 129 read as specified in the CLERICAL INSTRUCTIONS;

And, that the Free Conference Committee Report on Senate Bill No. 129 be adopted.

CLERICAL INSTRUCTIONS:

1. Page 7, line 3 through page 9, line 24.

Strike: section 4 in its entirety.

Renumber: subsequent sections.

2. Page 10, line 25 through page 13, line 25.

Strike: sections 6 through 11 in their entirety.

Renumber: subsequent sections.

3. Page 14, line 12 through page 17, line 9.

Strike: section 13 in its entirety.

Renumber: subsequent sections.

4. Page 18, line 18 through page 21, line 16.

Strike: sections 15 through 20 in their entirety.

Renumber: subsequent sections.

April 22.....19 81.....

SB 129

FREE CONFERENCE COMMITTEE REPORT NO. 1

Page 2

5. Page 21, line 23 through page 22, line 7.

Strike: section 22 in its entirety.

Renumber: subsequent section.

6. Page 5, line 24.

Following: "or"

Strike: "after reducing"

Insert: "during his employment notwithstanding any reduction of"

7. Page 14, line 7.

Following: "or"

Strike: "after reducing"

Insert: "during his employment notwithstanding any reduction of"

8. Page 21.

Following: line 16.

Insert: "NEW SECTION. Section 7. Pre-existing conditions.

The converted policy may not exclude, as a pre-existing condition, any conditions covered by the group contract.

NEW SECTION. Section 8. Insured's family -- conversion entitlement. Subject to the conditions set forth in this section, the conversion privilege is also available:

(1) to the surviving spouse, if any, at the death of the employee or member, with respect to the spouse and such children whose coverage under the group policy terminates by reason of such death, otherwise to each surviving child whose coverage under the group policy terminates by reason of such death, or if the group policy provides for continuation of dependent's coverage following the employee's or member's death, at the end of such continuation;

(2) to the spouse of the employee or member upon termination of coverage of the spouse, by reason of ceasing to be a qualified family member under the group policy, while the employee or member remains under the group policy, including such children whose coverage under the group policy terminates at the same time; or

.....April 22..... 19.81.....

SB 129
FREE CONFERENCE COMMITTEE REPORT NO. 1
Page 3

(3) to a child solely with respect to himself upon termination of his coverage by reason of ceasing to be a qualified family member under the group policy, if a conversion privilege is not otherwise provided above with respect to such termination.

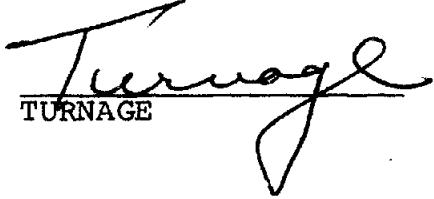
NEW SECTION. Section 9. Applicability. Notwithstanding any provision of Title 33 or other law to the contrary, it shall be lawful for an insurer and insured to agree to any terms in an insurance contract that provides more favorable terms for the benefit of the insured than authorized in Title 33 or other provisions of law.

NEW SECTION. Section 10. Codification instruction. Sections 3 through 9 shall apply only to disability insurers and health service corporations." Renumber: subsequent section.

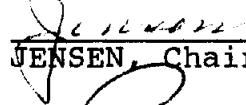
FOR THE SENATE:


HAGER, Chairman


NORMAN


TURNAGE

FOR THE HOUSE:


JENSEN, Chairman


PAVLOVICH


WALLIN