

§2621. Conversion on termination of eligibility

There must be a provision that if the insurance, or any portion of it, on a person covered under the policy or on the dependent of a person covered, ceases because of termination of employment or of membership in the class or classes eligible for coverage under the policy, such person is entitled to have issued to the person by the insurer, without evidence of insurability, an individual policy of life insurance without disability or other supplementary benefits, as long as application for the individual policy is made, and the first premium paid to the insurer, within 31 days after such termination, and: [RR 2021, c. 1, Pt. B, §231 (COR).]

1. The individual policy shall, at the option of such person, be on any one of the forms then customarily issued by the insurer at the age and for the amount applied for, except that the group policy may exclude the option to elect term insurance; [PL 1981, c. 150, §24 (AMD).]

2. The individual policy shall 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 the same or 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 [PL 1969, c. 132, §1 (NEW).]

3. The premium on the individual policy must 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 belongs, and to the person's age attained on the effective date of the individual policy. [RR 2021, c. 1, Pt. B, §232 (COR).]

Subject to the same conditions set forth in this section, the conversion privilege shall be available: To a surviving dependent, if any, at the death of the employee or member, with respect to the coverage under the group policy which terminates by reason of the death; and to the dependent of the employee or member upon termination of coverage of the dependent, while the employee or member remains insured under the group policy, by reason of the dependent ceasing to be a qualified family member under the group policy. [PL 1981, c. 150, §25 (NEW).]

SECTION HISTORY

PL 1969, c. 132, §1 (NEW). PL 1981, c. 150, §§23-25 (AMD). RR 2021, c. 1, Pt. B, §§231, 232 (COR).

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