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§15–413.

(a) (1) Except as provided in paragraph (2) of this subsection, this section applies to each group health insurance policy that:

(i) 1. is issued or delivered in the State;

2. is issued to a policyholder that is incorporated or has a main office in the State; or

3. covers individuals who reside or work in the State; and

(ii) provides benefits in the event of the disability of an individual covered under the policy.

(2) This section does not apply to:

(i) a policy issued under Title 13 of this article if the insurance under the policy is terminated because of the prepayment or refinancing, wholly or partly, with the same creditor of a prior debt; or

(ii) except as the Commissioner provides by regulation, a group policy issued to an employer to cover its employees.

(b) Each group policy subject to this section shall provide that a covered individual whose coverage under the group policy is terminated for any reason other than failure of the covered individual to pay a required premium or contribution is entitled, without evidence of insurability, to an individual policy of disability income insurance.

(c) By regulation the Commissioner may exempt from the requirements of this section certain types of group policies that the Commissioner considers appropriate.

(d) (1) An individual policy issued under this section shall take effect immediately after the termination of coverage under the group policy if the covered individual:

(i) makes a timely written request for an individual policy; and

(ii) pays the first premium for the individual policy.

(2) By regulation the Commissioner shall establish rules to determine when a written request and payment of the required premium are timely.

(e) An individual policy issued under this section shall be guaranteed

renewable for the term or to the limiting age for which benefits would have been provided if coverage under the group policy had not terminated.

(f) The level of benefits under an individual policy issued under this section shall equal approximately the disability benefits that would have been provided if coverage under the group policy had not terminated.

(g) (1) The premium for an individual policy issued under this section shall be determined in accordance with the insurer's table of premium rates that is applicable to the attained age and class of risk of the covered individual for the type and amount of insurance provided.

(2) The insurer shall reserve the right to change the premium on any policy anniversary subject to approval by the Commissioner.

(h) The Commissioner may establish requirements that govern notification by the insurer or group policyholder to the individual whose coverage under the group policy is being terminated of the right of conversion to an individual policy.

(i) The insurer may limit the right of conversion to individuals who have been covered under the group policy for at least 1 year.

(j) Each group health insurance policy that was issued before January 1, 1984, shall be amended to comply with the requirements of this section on the first policy renewal anniversary date on or after January 1, 1984.

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