

13 in accordance with actuarial procedures that recognize the variable
 14 nature of the benefits provided and any mortality guarantees.

Approved July 12, 1973.

This Act was passed by the G. A. before July 1, 1973.

CHAPTER 272

GROUP INSURANCE

H. F. 156

AN ACT relating to the definition of employees eligible for group insurance.

Be It Enacted by the General Assembly of the State of Iowa:

1 SECTION 1. Section five hundred nine point one (509.1), subsec-
 2 tion one (1), paragraph a, Code 1973, is amended to read as follows:
 3 a. The employees eligible for insurance under the policy shall be all
 4 of the employees of the employer, or all of any class or classes thereof
 5 determined by conditions pertaining to their employment. The policy
 6 may provide that the term "employees" shall include the employees of
 7 one or more subsidiary corporations, and partners of one or more
 8 affiliated corporations, proprietors or partnerships if the business of
 9 the employer and of such affiliated corporations, proprietors or part-
 10 nerships is under common control through stock ownership, contract,
 11 or otherwise. The policy may provide that the term "employees" shall
 12 include the individual proprietor or partners if the employer is an
 13 individual proprietor or a partnership. The policy may provide that
 14 the term "employees" shall include retired employees. *The policy*
 15 *may also provide that the term "employees" shall include the board*
 16 *of directors if the employer is a corporation.*

1 SEC. 2. Section five hundred nine point one (509.1), subsection
 2 five (5), paragraph a, Code 1973, is amended to read as follows:
 3 a. The persons eligible for insurance shall be all of the employees
 4 of the employers or all of the members of the unions, or all of any
 5 class or classes thereof determined by conditions pertaining to their
 6 employment, or to membership in the unions, or both. The policy may
 7 provide that the term "employees" shall include the individual pro-
 8 prietor or partners if an employer is an individual proprietor or a
 9 partnership. The policy may provide that the term "employees" shall
 10 include the trustees or their employees, or both, if their duties are
 11 principally connected with such trusteeship. The policy may provide
 12 that the term "employees" shall include retired employees. *The pol-*
 13 *icy may also provide that the term "employees" shall include the*
 14 *board of directors if the employer is a corporation.*

1 SEC. 3. Section five hundred nine point three (509.3), Code 1973,
 2 is amended by adding the following new subsection:
 3 NEW SUBSECTION. A provision that if the insurance on a person
 4 or insurance on a person and the person's dependents covered by the
 5 policy ceases because of termination of employment or of member-
 6 ship in the class or classes eligible for coverage under the policies,
 7 such person, if enrolled under the group policy for ninety days, shall be

8 entitled to have issued to him by the insurer without evidence of in-
9 surability an individual or family policy of hospital and medical ex-
10 pense insurance provided application for the individual or family pol-
11 icy is made and the first premium paid to the insurer, within thirty-
12 one days after termination, and provided further that,

13 a. The individual or family policy shall provide insurance protec-
14 tion substantially similar both in type and level of coverage to that
15 which ceases because of such termination, but the coverage shall not
16 exceed that provided under the group policy.

17 b. The individual or family policy may, at the option of such per-
18 son, be on any one of the forms then customarily issued by the in-
19 surer at the age and for the benefits applied for.

20 c. The premium on the individual or family policy shall be at the
21 insurer's customary rate applicable to that policy for a standard class
22 of risk at the insured's attained age on the effective date of the policy.

23 d. Such employee is not then covered by another policy of hospital
24 or surgical expense insurance providing similar benefits or is not
25 covered by or eligible to be covered by a group contract or policy pro-
26 viding similar benefits or is not provided with similar benefits re-
27 quired by any statute or provided by any welfare plan or program,
28 which together with the converted policy would result in overinsur-
29 ance or duplication of benefits.

30 e. The individual or family converted policy may include a pro-
31 vision whereby the insurer may request information at any premium
32 due date of the policy of any person covered thereunder as to whether
33 he is then covered by another policy of hospital or surgical expense
34 insurance or hospital service or medical expense indemnity corpora-
35 tion subscriber contract providing similar benefits or is then covered
36 by a group contract or policy providing similar benefits or is then
37 provided with similar benefits required by any statute or provided by
38 any welfare plan or program. If any such person is so covered or
39 so provided and fails to furnish the details of such coverage when
40 requested, the benefits payable under the converted policy may be
41 based on the hospital, surgical or medical expenses actually incurred
42 after excluding expenses to the extent they are payable under such
43 other coverage or provided under such statute, plan or program.

44 f. The conversion provision shall also be available (1) upon the
45 death of the employee or member, as the case may be, to the surviv-
46 ing spouse with respect to such of the spouse and children as are then
47 covered by the group policy, and shall be available to a child solely
48 with respect to himself upon his attaining the limiting age of coverage
49 under the group policy while covered as a dependent thereunder, and
50 (2) upon the divorce or annulment of the marriage of the employee or
51 member, as the case may be, to the divorced spouse, or former spouse
52 in the event of annulment, of such employee or member.

53 g. The effective date of the individual or family policy shall be the
54 date on which coverage under the group policy ceases.

Approved July 18, 1973.

This Act was passed by the G. A. before July 1, 1973.