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Department of Banking, Insurance and Securities

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GROUP CONVERSION POLICY PREMIUM

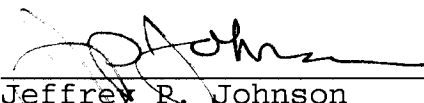
Some insurers are not aware of the requirements of Section 4090 e (c) of Title 8. Paragraph (c) was amended by adding the third sentence effective July 1, 1986.

Section 4090 e (b) states the premium for converted policies, is determined on a non group basis. The exception for "qualified dependents" (widows and orphans) is mentioned in paragraph (c). In that instance, the premium is limited to 102 percent of the group rate. [The reference to 102 percent for qualified beneficiaries was inadvertently omitted by the National Insurance Law Service (NILS) in its Vermont Insurance Laws edition.]

The second sentence of paragraph (c) gives the insurer the option of covering dependents under one policy or separate policies. This does not allow the insurer to refuse to provide coverage requested by a dependent.

The last sentence used the words "qualified beneficiaries". This is intended to apply to spouses and their dependents who were covered under the group policy.

Please review your rating manuals and submit a copy of the page relating to these rates to the attention of Lyle Moulton, Health Analyst.



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Commissioner

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