



Ohio Revised Code Section 3917.06 Required policy provisions.

Effective: October 12, 2006

Legislation: House Bill 442 - 126th General Assembly

No policy of group life insurance shall be delivered in this state until a copy of its form has been filed with the superintendent of insurance pursuant to division (A) of section 3915.14 of the Revised Code. In addition, except as provided in division (M) of this section, no policy of group life insurance shall be delivered in this state unless it contains in substance the following provisions or other provisions, that in the opinion of the superintendent of insurance are more favorable to the persons insured, or at least as favorable to the persons insured and more favorable to the policyholder:

(A) A provision that the policyholder is entitled to a grace period of thirty-one days for the payment of any premiums due except the first, during which grace period the death benefit coverage shall continue in force, unless the policyholder has given the insurer written notice of discontinuance in advance of the date of discontinuance and in accordance with the terms of the policy; the policy may provide that the policyholder is liable to the insurer for the payment of a pro rata premium for the time the policy was in force during such grace period;

(B) A provision that the policy is incontestable after two years from its date of issue, except for nonpayment of premiums. No statement made by any individual insured under the policy relating to the individual's insurability shall be used in contesting the validity of the insurance, with respect to which the statement was made, that has been in force prior to the contest for a period of two years during the individual's life, unless the statement is contained in a written instrument signed by the individual. This division does not preclude the assertion at any time of defenses based upon provisions in the policy that relate to eligibility for coverage.

(C) A provision requiring that a copy of the application of the policyholder, if any, be attached to the policy when issued, and that all statements made by the policyholder and individuals insured shall be deemed representations and not warranties, and that no statement made by any person insured shall be used in any contest unless a copy of the instrument containing the statement is furnished to the insured, or in the event of the death or incapacity of the insured, to the insured's beneficiary or



personal representative;

(D) A provision setting forth the conditions, if any, under which the insurer reserves the right to require an individual eligible for insurance to furnish evidence of individual insurability satisfactory to the insurer as a condition to part or all of the individual's coverage;

(E) A provision specifying an equitable adjustment of the premium or benefits, or both, to be made in the event of a misstatement of the age of an insured. The provision shall contain a clear statement of the method of adjustment.

(F) A provision requiring that any sum becoming due by reason of the death of the insured be payable to the beneficiary designated by the insured. However, if the policy contains conditions pertaining to family status, the beneficiary may be the family member specified by the policy terms, subject to the provisions of the policy in the event that there is no designated beneficiary living at the time of the death of the insured as to all or any part of the sum, and subject to any right reserved in the policy by the insurer and set forth in the certificate to pay, at the insurer's option, a part of the sum not exceeding two thousand dollars to any beneficiary that the insurer believes is equitably entitled to the amount by reason of having incurred funeral or other expenses incident to the last illness or death of the insured.

(G) A provision that the insurer will issue to the policyholder for delivery to each person insured a certificate setting forth a statement as to the insurance protection to which the person is entitled, any dependent's coverage, to whom benefits are payable, and the rights and conditions set forth in divisions (H) to (K) of this section. The policyholder may issue a single certificate for delivery to an insured employee or member if a statement concerning any dependent's coverage is included in the certificate.

(H)(1) A provision that if all or any part of the insurance on an insured or an insured's dependents ceases because of the 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 supplementary benefits, provided that application for the individual policy is made, and the first premium is paid to the insurer, within thirty-one days after such termination, and provided that all of



the following conditions are met:

(a) The individual policy is on any one of the forms customarily issued by the insurer to that age and for the amount applied for, except that the group policy may exclude the option to elect term insurance.

(b) The individual policy is in an amount not in excess of the amount of life insurance that ceases because of termination, less the amount of any life insurance for which the person is eligible under the same or any other group policy within thirty-one days after termination, provided that any amount of life insurance that matures on or before the date of termination as an endowment payable to the insured, whether in one sum, installments, or in the form of an annuity, shall not, for purposes of this division, be included in the amount that is considered to cease because of termination.

(c) The premium on the individual policy is set at the insurer's then customary rate applicable to the form and amount of the individual policy, the individual's class of risk, and the individual's age as of the effective date of the individual policy.

(2) Subject to the conditions set forth in division (H)(1) of this section, the conversion privilege is available to the following individuals:

(a) A surviving dependent, if any, at the death of the employee or member, with respect to the coverage under the group policy that terminates by reason of the employee's or member's death;

(b) A dependent of an employee or member upon termination of the dependent's coverage, while the employee or member remains insured under the group policy, by reason of the dependent ceasing to be a dependent under the group policy.

(3) If the individual is not given notice of the right to obtain individual coverage under this division at least fifteen days prior to the expiration of the thirty-one-day conversion period provided by division (H)(1) of this section, then the individual shall have an additional period to exercise that right. This additional period shall extend for fifteen days after the individual is given notice, but in no event shall the period extend beyond sixty days after the expiration date of the period provided in the policy. Written notice provided to the individual or mailed by the policyholder to the last known



address of the individual, or mailed by the insurer to the last known address of the individual furnished to the insurer by the policyholder, constitutes notice for purposes of this division.

(4) Nothing contained in this division shall be construed to continue any insurance beyond the expiration date of the period provided in the policy.

(I) A provision that if the group policy terminates or is amended so as to terminate the insurance of any class of insured persons, every person insured thereunder at the date of such termination whose insurance terminates, including an insured's dependent, and who has been so insured for at least five years prior to such termination date is entitled to have issued by the insurer an individual policy of life insurance, subject to the same conditions and limitations as are provided by division (H) of this section, except that the group policy may provide that the amount of such individual policy shall not exceed the smaller of (1) the amount of the person's life insurance ceasing because of the termination or amendment of the group policy, less the amount of any life insurance for which the person is or becomes eligible under any group policy issued or reinstated by the same or another insurer within thirty-one days after such termination, and (2) ten thousand dollars;

(J) A provision that if a person insured under the group policy, or an insured's dependent, dies during the period within which the person would have been entitled to have an individual policy issued in accordance with division (H) or (I) of this section, and before such an individual policy has become effective, the amount of life insurance which the person would have been entitled to have issued under such individual policy shall be payable as a claim under the group policy, whether or not application for the individual policy or the payment of the first premium therefor has been made;

(K) Where active employment is a condition of insurance, a provision that an insured may continue coverage during the insured's total disability by timely payment to the policyholder of that portion, if any, of the premium that would have been required from the insured if the insured's total disability had not occurred. The continuation shall be on a premium basis for a period of six months after the date on which the insured's total disability started, but not later than the earlier of either of the following:

(1) The insurer approving of continuation of the coverage under any disability provision that the group policy may contain;



(2) The discontinuance of the group life insurance policy.

(L) In the case of a life insurance policy insuring the lives of debtors, a provision requiring that the insurer furnish to the policyholder for delivery to each debtor insured under the policy a certificate of insurance describing the coverage and specifying that the death benefit first be applied to reduce or extinguish the debtor's unpaid indebtedness.

(M)(1) Divisions (F) to (K) of this section do not apply to group policies insuring the lives of debtors.

(2) With the exception of division (K) of section 3915.05, section 3915.052, and division (A) of section 3915.14 of the Revised Code, Chapter 3915. of the Revised Code does not apply to group policies.

(3) If a group policy is other than a term plan of insurance, the policy shall contain a nonforfeiture provision or provisions, which, in the opinion of the superintendent, are equitable to the insureds and the policyholder. Nothing in this division shall be construed to require group life insurance policies to contain the same nonforfeiture provisions as are required for individual life insurance policies.

(4)(a) If a group policy is other than a term plan of insurance, the policy shall contain a policy loan provision authorizing insureds to borrow upon the policy, unless the loan value of certificates issued under the policy is established by federal law. The policy loan provision may include one or more of the following conditions:

(i) The borrower has held a certificate under the policy for a minimum period, not to exceed three years;

(ii) No premium on the policy is in default beyond the grace period for payment;

(iii) A minimum loan amount, not to exceed one thousand dollars;

(iv) The borrower accepts an adjustable interest rate charge, not to exceed two per cent above the



rate used to compute the cash surrender value.

(b) For purposes of the policy loan provision, the loan value of a certificate shall equal one of the following:

(i) Ninety per cent of the cash surrender value of the certificate at the time that the loan is made, less any outstanding indebtedness including any unpaid interest not already deducted;

(ii) The cash surrender value of the certificate at the time that the loan is made, less any outstanding indebtedness including any unpaid interest not already deducted, less the amount needed to pay the certificate's cost of insurance charges and expenses for as long as three months after the time that the loan is made.