§ 3220. Group life insurance policies; standard provisions. (a) No policy of group life insurance shall be delivered or issued for delivery in this state unless it contains in substance the following provisions or provisions which in the opinion of the superintendent are more favorable to certificate holders or not less favorable to certificate holders and more favorable to policyholders:

(1) That the policy is incontestable after two years from its date of issue, except for nonpayment of premiums by the policyholder; and that no statement made by any person insured under the policy relating to his insurability shall be used in contesting the validity of the insurance with respect to which such statement was made after such insurance has been in force prior to the contest for a period of two years during such person's lifetime and in no event unless it is in a written instrument signed by him, a copy of which is or has been furnished to such person or to his beneficiary.

(2) That the rights of the policyholder or of any insured or beneficiary thereunder shall not be affected by any provision other than one contained in the policy or the riders or endorsements thereon or in the amendments thereto signed by the policyholder and the insurer, or in the copy of the policyholder's application attached to the policy or in the individual statements, if any, submitted in connection therewith.

(3) For the equitable adjustment of the premium or if the amount of insurance depends upon the age of the insured, for the equitable adjustment of the amount of insurance and the premium in the event of a misstatement of the age of the person insured.

(4) That the insurer will issue to the policyholder for delivery to the person whose life is insured under such policy a certificate containing a statement of the insurance protection to which he is entitled including any changes in such protection depending on the age of the person whose life is insured and the rights to which he is entitled in accordance with paragraphs six and seven hereof.

(5) That the benefits payable under any such policy shall be payable to the beneficiary or beneficiaries designated by the insured except, where the policy contains conditions pertaining to family status, the beneficiary may be the family member specified by the policy terms, but if there is no such designated or specified beneficiary as to all or any part of the insurance payable at the death of the insured, then the

amount of insurance so payable for which there is no such designated or specified beneficiary shall be payable to the estate of the insured, except that the policy may provide that the insurer may in such case, at its option, pay such insurance to any one or more of the following surviving relatives: wife, husband, mother, father, child or children, brothers or sisters; and except that the policy may provide that the insurer may, in any case, deduct from the aggregate sum payable under such policy on account of the death of the insured, an amount not to exceed five hundred dollars to be paid to any person or persons appearing to the insurer to be equitably entitled to same by reason of having incurred expenses on behalf of the insured or for his or her burial. Payment in accordance with any of the foregoing provisions shall completely discharge the insurer's liability with respect to the amount of insurance so paid.

(6) That if the insurance on an employee or member covered under the policy, other than one issued in accordance with paragraph three or eight of subsection (b) of section four thousand two hundred sixteen of this chapter, (A) ceases because of termination of (i) employment or of membership in the class or classes eligible for coverage under the policy, or (ii) the policy, or (B) is reduced (i) in the case of a policy covering an employee or union member under a plan arranged by the insured person's employer or union, on or after the employee's or union member's attainment of age sixty in any increment or series of increments aggregating twenty percent or more of the amount of coverage in force before the first reduction on account of such age, (ii) in the case of a policy covering any member other than as described in item (i) of this subparagraph, at the time of the first reduction of insurance, (iii) due to change in class or (iv) due to an amendment of the policy to take effect immediately or at any subsequent date, such employee or such member shall be entitled to have issued to him by the insurer, without evidence of insurability, upon application made to the insurer within thirty-one days after such termination or reduction of insurance and payment of the premium applicable to the class of risk to which he belongs and to the form and amount of the policy at his then attained age, a policy of life insurance only, in any one of the forms customarily issued by such insurer, except term insurance, in an amount equal to the amount of his protection under such group insurance policy

at the time of such termination or reduction, less any amount of life insurance remaining in force, except however, in the case of a reduction in accordance with item (ii) of subparagraph (B) of this paragraph, in an amount equal to eighty percent of his insurance coverage under such group policy immediately prior to such reduction. Under a group policy issued pursuant to paragraph twelve, thirteen or fourteen of subsection (b) of section four thousand two hundred sixteen of this chapter, an insured shall be entitled to convert, just as if he had terminated membership in the class or classes eligible for coverage, within thirty-one days after notice from the insurer that, in order to continue his coverage under the group policy, he must contribute more than one hundred thirty-three percent of the net premiums computed according to the Commissioners 1960 Standard Group Mortality Table at three percent interest. The group policy may contain a provision that if the policyholder or insurer shall terminate the policy, the amount of life insurance that may be converted shall in no event exceed the amount of such employee's or member's life insurance protection less any amount of life insurance for which he may be or may become eligible under any group policy issued or reinstated by the same or another insurer within forty-five days after the date of such cessation. However, at the option of such employee or member, he shall be entitled to have issued to him in accordance with the conditions prescribed above, a policy of life insurance only, in any one of such forms, preceded by term insurance for a period of one year with the premium payable, at the option of the employee or member, in any mode customarily offered by the insurer. In addition, the group policy shall contain a provision that if the coverage of an employee or member ceases because of termination of employment due to the employee's total and permanent disability or termination of membership due to the member's total and permanent disability, the employee or member, at the option of such employee or member, shall be entitled to have issued to him, a policy of life insurance only, in any one of such forms, preceded by term insurance for a period of one year with the premium payable, at the option of the employee or member, in any mode customarily offered by the insurer, in the amount of such employee's or member's life insurance protection in effect immediately before termination, less the amount of any life insurance which is replaced with the same or another insurer within

forty-five days after cessation of the group life insurance protection. Each such group policy shall contain a further provision to the effect that upon the death of any such employee or member during such thirty-one day period and before any such individual policy has become effective, the amount of insurance for which such employee or member was entitled to make application shall be payable as a death benefit by the insurer; provided, however, each such policy may contain a provision obligating the policyholder to pay a premium to the insurer for coverage extended during such thirty-one day period in the event the extension of coverage is a direct result of the policyholder's voluntary termination of the policy and the policyholder replaces coverage under the policy within six months of its termination either with the insurer or with another insurer. The individual conversion policy may provide that any statement made by the person insured under the group policy relating to his insurability under such group policy may be used in contesting the validity of the insurance under the individual conversion policy to the same extent that such statement could have been used in contesting the validity of his insurance under the group policy if his insurance under the group policy had not ceased. An individual conversion policy shall not exclude or restrict liability in the event of suicide of the insured after two years from the date that the insured became covered under the group policy. Notwithstanding the foregoing, the superintendent may require conversion or continuation of insurance under conditions as set forth in a regulation for insureds under a policy issued in accordance with paragraph three of subsection (b) of section four thousand two hundred sixteen of this chapter.

(7) At the option of the employee or member, any converted policy or policies shall provide coverage for the dependents or class of dependents of such employee or member who were insured under the group policy. The effective date of the converted policy or policies shall be the date of termination of the employee's or member's insurance under the group policy. The conversion privilege shall be available (A) upon termination or reduction of insurance as described in paragraph six of this subsection, (B) upon the death of the employee or member to the surviving spouse with respect to such spouse and children as are then insured by the group policy, (C) to a child upon his attaining the limiting age of coverage under the group policy while insured as a

dependent thereunder, and (D) upon the divorce or annulment of the marriage of the employee or member to the spouse or former spouse of such employee or member.

(8) That in the event a group life insurance policy issued for delivery in this state permits a certificate holder to convert to another type of life insurance within a specified time after the happening of an event, such certificate holder shall be notified of such privilege and its duration within fifteen days before or after the happening of the event, provided that if such notice be given more than fifteen days, but less than ninety days after the happening of such event, the time allowed for the exercise of such privilege of conversion shall be extended for forty-five days after the giving of such notice. If such notice be not given within ninety days after the happening of the event, the time allowed for the exercise of such conversion privilege shall expire at the end of such ninety days. Written notice by the policyholder given to the certificate holder or mailed to the certificate holder at his last known address, or written notice by the insurer mailed to the certificate holder at the last address furnished to the insurer by the policyholder, shall be deemed full compliance with the provisions of this paragraph for the giving of notice.

(9) That all new employees of the employer or all new members of the labor union or other association or group as defined in this chapter, or all new debtors of the vendor or creditor, as the case may be, in the groups or classes eligible for such insurance must be added to such groups or classes for which they are respectively eligible.

(10) In the case of a policy covering members of a labor union, or other association or group as defined in this chapter (other than a group as defined in paragraph one or three of subsection (b) of section four thousand two hundred sixteen of this chapter, a notice in such policy to the effect that the premium for the renewable term as therein provided depends upon the attained ages of the members in the group and increases with advancing ages.

(11) If the policy is in whole or in part on a plan of insurance other than the term plan, it shall contain a nonforfeiture provision or provisions which in the opinion of the superintendent is or are equitable to the insured persons and to the policyholder, but this paragraph does not require that such policy contain the same

nonforfeiture provisions required for individual life insurance policies.

(12) In every group plan issued in accordance with paragraph three of subsection (b) of section four thousand two hundred sixteen of this chapter insuring loans made by production credit associations organized pursuant to an Act of Congress of the United States, entitled the "Farm Credit Act of 1933", approved June sixteenth, nineteen hundred thirty-three as amended, or insuring loans made by a bank, trust company or industrial bank to a borrower engaged in the business of farming, crop production or the raising, breeding, fattening or marketing of livestock for the purpose of such business and other requirements of the borrower, a provision that, upon renewal of the loan commitment each year prior to the attainment of age fifty by the certificate-holder, coverage may be renewed by the certificate-holder without additional requirements each year in an amount equal to the loan commitment or the previous year's coverage, whichever is less, unless coverage has been previously terminated by action of the certificate-holder, and further provided that the group policy is in full force and effect on the date of renewal.

(b) None of the provisions of subsection (a) hereof relating to a certificate issued under any group life insurance policy shall be deemed applicable to any such policy which is issued to a vendor or creditor, as defined in section four thousand two hundred sixteen of this chapter and under the provisions of which no individual certificates are issued or are issuable.

(c) (1) Notwithstanding any provision of law, a person whose life is insured under any policy of group life insurance, whether or not such policy is otherwise subject to this section, is permitted to make an assignment of all or any part of his incidents of ownership in such insurance, including, without limitation, any right to designate a beneficiary or beneficiaries thereunder and any right to have an individual policy issued upon termination either of employment or of said policy of group life insurance, provided that the insurer and the group policyholder may prohibit or restrict such assignment by appropriate policy provisions except as otherwise provided in paragraph three of this subsection.

(2) Paragraph one of this subsection shall be construed as declaring

the law as it existed prior to its enactment and not as modifying it.

(3) A group policy that permits assignment of an insured person's rights by gift shall also allow assignment for value to the same extent that it allows assignment by gift.

(d) The provisions of paragraphs four, five, six, seven, eight, nine and ten of subsection (a) of this section and paragraph one of subsection (c) of this section shall not apply to policies issued under the authority of subsection (d) or subparagraph (B) of paragraph (1) of subsection (a) of section three thousand two hundred five of this article.