**§18661. Termination of coverage**

**1. Separation from service.**  The insurance on any employee must terminate upon the employee's separation from service, except as extended by:

A. Provisions contained in the policy for waiver of premiums upon total and permanent disability; and [PL 1985, c. 801, §§5, 7 (NEW).]

B. Provisions for temporary extension of coverage and conversion to an individual policy of life insurance. [PL 1985, c. 801, §§5, 7 (NEW).]

[RR 2023, c. 2, Pt. B, §159 (COR).]

**2. Retirement.**  If, on the date the insurance would otherwise terminate, the employee retires, in accordance with this Part, the United States Social Security Act or other local retirement program, the employee's basic life insurance only must be continued without cost to the employee and in the amounts provided in this subsection.

A. On retirement for reasons other than disability, an amount of basic life insurance equal to the employee's average final compensation must be continued in force at no cost to the participant, if the participant has participated in the group life insurance program for a minimum of 10 years.

(1) Except as provided in paragraph B, the initial amount of basic life insurance that continued into retirement must be reduced at the rate of 15% a year to a minimum of 40% of the initial amount of basic life insurance that continued into retirement or $2,500, whichever is greater.

(2) In determining benefits under this subchapter, the reductions become effective at 12:01 a.m. of the day following the first year anniversary of the date of retirement and each succeeding retirement anniversary thereafter until the minimum has been reached. [PL 1993, c. 386, §6 (AMD).]

B. On retirement for disability, the amount of basic insurance in force at the time of retirement must be continued in force until normal retirement age, after which the amount must be reduced, as provided in paragraph A at no cost to the recipient. The 10-year participation requirement does not apply to recipients of disability retirement benefits. [PL 1991, c. 480, §12 (AMD).]

C. The premiums for the coverage provided by this subsection must be paid by the participating local district which employed the participant immediately before the participant's retirement. Delinquent payments under this section may be collected as provided under section 18303, subsection 3. [PL 1991, c. 480, §12 (NEW).]

[PL 1993, c. 386, §6 (AMD).]

SECTION HISTORY

PL 1985, c. 801, §§5,7 (NEW). PL 1989, c. 710, §24 (AMD). PL 1991, c. 480, §12 (AMD). PL 1993, c. 386, §6 (AMD). RR 2023, c. 2, Pt. B, §159 (COR).

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