**Section 2004.30 Active Life Reserves – Group Policies**

a) This Section applies to accident and health insurance as defined in Section 367 (excluding subsection (4) thereof) and Section 367(a) of the Code [215 ILCS 5/367 and 367(a)].

b) The minimum reserve for active lives on all group accident and health policies shall be the pro rata gross unearned premium.

c) If a group policy contains a conversion option for terminated employees and such employees, under this provision, may receive an individual policy without evidence of insurability, the company shall establish a reserve for the morbidity cost expected in excess of such costs assumed by the premium, if any, which is then payable by or on behalf of such terminated employee. The group account shall be charged with an amount (conversion charge) to establish this reserve and thereafter such reserve shall be maintained as an individual policy active life reserve.

(Source: Amended at 32 Ill. Reg. 13191, effective July 25, 2008)