

Department of Employee Trust Funds
Income Continuation Insurance Administration Manual—State

Chapter 6—Termination of Coverage

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600 Termination of Coverage

Income Continuation Insurance (ICI) coverage for an employee who is not disabled under the ICI plan terminates on the earliest of the following events:

- Resignation
- Dismissal
- Termination
- Retirement
- Reaching age 70
- Death

The employee need not complete an [Income Continuation Insurance Application \(ET-2307\)](#) to cancel the coverage for any of the above actions. When coverage ceases, a full month's premium is required for any month or portion of a month in which earnings are paid. For example, if the employee retires on March 12, a full month's premium is due for March.

An employee disabled under the terms of the plan at the time employment terminates will continue to be eligible to receive benefits as long as ICI Plan provisions are met, up to the maximum duration of benefits. (Refer to Reduction or Termination of Benefits in subchapter 709.)

601 Lapse in Coverage

Coverage is deemed to have lapsed for any insured employee in active employment who fails to pay the employee portion of the premium to the employer when due. Once lapsed, coverage may only be obtained by providing Evidence of Insurability (EOI). Exception: An employee whose coverage lapses while on unpaid leave may obtain coverage without providing EOI by reapplying within 30 days of returning to work.

602 Cancellation of Coverage

An employee may choose to cancel coverage at any time. However, once coverage is cancelled, the employee can only obtain coverage by providing Evidence of Insurability, unless they again become eligible through the deferred enrollment provision. Cancellation of coverage is effective the first day of the calendar month on or after the date the [Income Continuation Insurance Application \(ET-2307\)](#) canceling coverage is received by the employer. Any premium deductions taken for a coverage month after the date coverage ceases must be refunded to the employee. Premium adjustments due to a refund must be noted in the "Premium Adjustment" columns of the [Monthly Premium Report Group Income Continuation Insurance \(ET-1629\) form](#), and these adjustments must be applied to the payment remitted to ETF.