**20:06:21:13.  Continuation or conversion is mandatory -- Exceptions.** Continuation of coverage or issuance of a converted policy is mandatory, except as follows:

(1)  Termination of group coverage resulted from an individual's failure to make a required payment of premium or contribution when due; or

(2)  The terminating coverage is replaced not later than 31 days after termination by group coverage which is effective on the day following the termination of coverage and meets the following requirements:

(a)  The replacement coverage provides benefits identical to or benefits determined by the director to be substantially equivalent to or in excess of those provided by the terminating coverage; and

(b)  The premium for the replacement coverage is calculated in a manner consistent with the requirements of § 20:06:21:12.

**Source:** 22 SDR 97, effective December 18, 1995.

**General Authority:** SDCL 58-17B-4.

**Law Implemented:** SDCL 58-17B-5.1.