

H.746

Introduced by Representatives Marcotte of Coventry, Bissonnette of
Winooski, Clerkin of Hartford, Kitzmiller of Montpelier, Shand
of Weathersfield and Wilson of Manchester

Referred to Committee on

Date:

Subject: Insurance; group life; NAIC model act

Statement of purpose: This bill proposes to amend Vermont's group life
statutes in a manner consistent with the NAIC (National Association of
Insurance Commissioners) model act.

An act relating to group life insurance

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 8 V.S.A. § 3803 is amended to read:

§ 3803. EMPLOYEE GROUPS

The lives of a group of individuals may be insured under a policy issued to
an employer, or to the trustees of a fund established by an employer, which
employer or trustees shall be deemed the policyholder, to insure employees of
the employer for the benefit of persons other than the employer, subject to the
following requirements:

1 (1) The employees eligible for insurance under the policy shall be all of
2 the employees of the employer, or all of any class or classes thereof
3 determined by conditions pertaining to their employment. The policy may
4 provide that the term “employees” shall include the employees of one or more
5 subsidiary corporations, and the employees, individual proprietors, and
6 partners of one or more affiliated corporations, proprietors or partnerships if
7 the business of the employer and of such affiliated corporations, proprietors, or
8 partnerships is under common control through stock ownership, contract, or
9 otherwise. The policy may provide that the term “employees” shall include the
10 individual proprietor or partners if the employer is an individual proprietor or a
11 partnership. The policy may provide that the term “employees” shall include
12 retired employees or former employees and directors of a corporate employer.
13 ~~No director of a corporate employer shall be eligible for insurance under the~~
14 ~~policy unless such person is otherwise eligible as a bona fide employee of the~~
15 ~~corporation, by performing services other than the usual duties of a director.~~
16 No individual proprietor or partner shall be eligible for insurance under the
17 policy unless he or she is actively engaged in and devotes a substantial part of
18 his or her time to the conduct of the business of the proprietor or partnership.
19 A policy issued to insure the employees of a public body may provide that the
20 term “employees” shall include elected or appointed officials.

1 (2) The premium for the policy shall be paid by the policyholder, either
2 wholly from the employer's funds or funds contributed by him or her, or partly
3 from such funds and partly from funds contributed by the insured employees,
4 or wholly from funds contributed by the insured employees. ~~No policy may be~~
5 ~~issued on which the entire premium is to be derived from funds contributed by~~
6 ~~the insured employees. A policy on which part of the premium is to be derived~~
7 ~~from funds contributed by the insured employees may be placed in force only~~
8 ~~if at least 75 percent of the then eligible employees, excluding any as to whom~~
9 ~~evidence of individual insurability is not satisfactory to the insurer, elect to~~
10 ~~make the required contribution.~~ A policy on which no part of the premium is
11 to be derived from funds contributed by the insured employees must insure all
12 eligible employees, ~~or all except any as to whom evidence of individual~~
13 ~~insurability is not satisfactory to the insurer~~ except those who reject coverage
14 in writing.

15 (3) Except as provided in subdivision (2) of this section, an insurer may
16 exclude or limit the coverage on any person for whom evidence of individual
17 insurability is not satisfactory to the insurer.

18 (4) The policy must cover at least two employees at date of issue.

19 ~~(4)~~(5) The amounts of insurance under the policy must be based upon
20 some plan precluding individual selection either by the employees or by the
21 employer or trustees.

1 Sec. 2. 8 V.S.A. § 3808 is amended to read:

2 § 3808. TRUSTEE GROUPS

3 The lives of a group of individuals may be insured under a policy issued to
4 the trustees of a fund established by two or more employers ~~in the same~~
5 ~~industry, or in related industries,~~ or by one or more labor unions, or by one or
6 more employers and one or more labor unions, which trustees shall be deemed
7 the policyholder, to insure employees of the employers or members of the
8 unions for the benefit of persons other than the employers or the unions,
9 subject to the following requirements:

10 * * *

11 (3) The premium for the policy shall be paid by the trustees wholly from
12 funds contributed by the employer or employers of the insured persons, or by
13 the union or unions, or by both, or partly from such funds and partly from
14 funds contributed by the insured persons. ~~A policy on which part of the~~
15 ~~premium is to be derived from funds contributed by the insured persons~~
16 ~~specifically for their insurance may be placed in force only if at least 75~~
17 ~~percent of the then eligible persons, excluding any as to whom evidence of~~
18 ~~insurability is not satisfactory to the insurer, elect to make the required~~
19 ~~contributions.~~ A policy on which no part of the premium is to be derived from
20 funds contributed by the insured persons specifically for their insurance must

1 insure all eligible persons, or all except any as to whom evidence of individual
2 insurability is not satisfactory to the insurer.

3 * * *

4 Sec. 3. 8 V.S.A. § 3811 is amended to read:

5 § 3811. DEPENDENTS' COVERAGE

6 Any group life policy issued under sections 3803 (employee groups), or
7 3804 (labor union groups), or 3807 (public employee groups), 3808 (trustee
8 groups), or 3809 (employer association groups), or 3810a (associations and
9 discretionary groups) of this title may be extended to insure the employees or
10 members against loss due to the death of their spouses and children, or any
11 class or classes thereof, subject to the following requirements:

12 (1) The premium for the insurance shall be paid by the policyholder,
13 either from the employer's, union's or association's funds or funds contributed
14 by them or from funds contributed by the insured employees or members, or
15 from both. If any part of the premium is to be derived from funds contributed
16 by the insured employees or members, the insurance with respect to spouses
17 and children may be placed in force ~~only if at least 75 percent of the~~ for then
18 eligible employees or members who then have eligible dependents and elect to
19 make the required contribution, excluding any as to whose family members
20 evidence of insurability is not satisfactory to the insurer, ~~elected to make the~~
21 ~~required contribution~~. If no part of the premium is to be derived from funds

1 contributed by the employees or members, all eligible employees or members,
2 excluding any as to whose family members evidence of insurability is not
3 satisfactory to the insurer, must be insured with respect to their spouses and
4 children.

5 * * *

6 Sec. 4. EFFECTIVE DATE

7 This act shall take effect upon passage.