

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 159

BY EDUCATION COMMITTEE

AN ACT

RELATING TO INSURANCE; AMENDING SECTION 41-2002, IDAHO CODE, TO REVISE PROVISIONS RELATING TO GROUP LIFE INSURANCE CONTRACT REQUIREMENTS AND TO PROVIDE REQUIREMENTS RELATING TO GROUP LIFE INSURANCE POLICIES ISSUED TO CERTAIN PERSONS.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 41-2002, Idaho Code, be, and the same is hereby amended to read as follows:

41-2002. GROUP CONTRACTS MUST MEET GROUP REQUIREMENTS. (1) Unless as otherwise provided in subsection (3) of this section, nNo life insurance policy shall be delivered or issued for delivery in this state insuring the lives of more than one (1) individual unless to one (1) of the groups as provided for in sections 41-2003 through 41-2007 of this chapter, and unless in compliance with the other applicable provisions of this chapter.

(2) Subsection (1) above, shall not apply to life insurance policies:

(a) Insuring only individuals related by blood, marriage or legal adoption; or

(b) Insuring only individuals having a common interest through ownership of a business enterprise, or a substantial legal interest or equity therein, and who are actively engaged in the management thereof; or

(c) Insuring only individuals otherwise having an insurable interest in each other's lives.

(3) Group life insurance offered to a resident of this state under a group life insurance policy issued to a group other than one described in subsection (1) of this section shall be subject to the following requirements:

(a) No such group life insurance policy shall be delivered in this state unless the commissioner finds that:

(i) The issuance of such group life insurance policy is not contrary to the best interest of the public;

(ii) The issuance of such group life insurance policy would result in economies of acquisition or administration; and

(iii) The benefits of such group life insurance policy are reasonable in relation to the premiums charged.

(b) No such group life insurance coverage may be offered in this state by an insurer under a policy issued in another state unless this state or another state, having requirements substantially similar to those contained in subsection (3)(a)(i), (ii) and (iii), has made a determination that such requirements have been met.

(c) The premium for the policy shall be paid either from the policyholder's funds or from funds contributed by the covered persons, or from both.

(d) An insurer may exclude or limit the coverage on any person as to whom evidence of individual insurability is not satisfactory to the insurer.