



General Assembly

February Session, 2004

**Raised Bill No. 484**

LCO No. 1964

\*01964\_\_\_\_\_INS\*

Referred to Committee on Insurance and Real Estate

Introduced by:  
(INS)

***AN ACT CONCERNING CORPORATE-OWNED LIFE INSURANCE.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-291 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2004*):

3 (a) (1) The trustee of any voluntary employees' beneficiary  
4 association trust, as defined in Section 501(c)(9) of the Internal Revenue  
5 Code of 1986, as from time to time amended, to provide life, health or  
6 similar benefits to employees or retired employees and acting in a  
7 fiduciary capacity with respect to those employees or retired  
8 employees may procure insurance on the lives of those employees or  
9 retired employees if the trustee obtains the consent of the employee or  
10 retired employee prior to procuring the insurance. Such consent shall  
11 include an acknowledgement from the employee that the employer  
12 may maintain the life insurance coverage after the employee's  
13 employment has terminated.

14 (2) No person may retaliate against any employee or retired  
15 employee for refusing to consent to the issuance of insurance on the  
16 life of such employee.

17 (3) For a nonkey or nonmanagerial employee, the amount of  
18 coverage shall be reasonably related to the benefits provided to the  
19 employee.

20 (4) Life insurance coverage purchased to finance employer-provided  
21 pension and welfare benefit plans shall be allowed only on the lives of  
22 those employees and retirees who are eligible to participate in the plan  
23 at the time their lives are first insured under the plan.

24 (b) The provisions of this section shall apply to policies or contracts  
25 delivered or issued for delivery in this state.

26 (c) This section shall not be [interpreted] construed to affect or  
27 prohibit any person, trust or corporation from procuring insurance  
28 upon the life or health of another person in whom it has an insurable  
29 interest at common law.

This act shall take effect as follows:	
Section 1	<i>October 1, 2004</i>

**Statement of Purpose:**

To regulate the issuance and maintenance of corporate-owned life insurance.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*