



General Assembly

January Session, 2013

Raised Bill No. 860

LCO No. 2820



Referred to Committee on INSURANCE AND REAL ESTATE

Introduced by:
(INS)

AN ACT CONCERNING TRUST-OWNED OR EMPLOYER-OWNED LIFE INSURANCE POLICIES AND EMPLOYEE TERMINATION.

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 Section 38a-291 of the general statutes is repealed and the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, 2013*):

3 (a) (1) (A) [~~The~~] Prior to October 1, 2013, the trustee of any voluntary
4 employees' beneficiary association trust, as defined in Section 501(c)(9)
5 of the Internal Revenue Code of 1986, as from time to time amended,
6 to provide life, health or similar benefits to employees or retired
7 employees and acting in a fiduciary capacity with respect to those
8 employees or retired employees may procure insurance on the lives of
9 those employees or retired employees; (B) an employer or a trustee of a
10 trust, other than a voluntary employees' beneficiary association trust,
11 providing life, health, disability, retirement or similar benefits to the
12 employer's employees or retired employees may procure insurance on
13 the lives of those employees or retired employees; and (C) prior to
14 procuring insurance on the lives of employees or retired employees
15 pursuant to subparagraph (A) or (B) of this subdivision, the employer

16 or trustee shall obtain the written consent of each employee or retired
17 employee proposed for coverage, and such consent shall include an
18 acknowledgment from the employee that the employer or trustee may
19 maintain the life insurance coverage after the employee's employment
20 has terminated.

21 (2) No such trustee or employer may maintain the life insurance
22 coverage on an employee whose employment begins on or after
23 October 1, 2013, after such employee's employment has terminated.
24 For purposes of this subdivision, termination of employment does not
25 include retirement.

26 [(2)] (3) No person may retaliate against any employee or retired
27 employee for refusing to consent to the issuance of insurance on the
28 life of such employee.

29 [(3)] (4) For nonkey or nonmanagerial employees, the amount of
30 coverage shall be reasonably related to the benefits provided to those
31 employees in the aggregate. For purposes of this section, "nonkey or
32 nonmanagerial employees" means those employees who do not meet
33 the criteria set forth in 29 CFR 541.1, 29 CFR 541.2 or 29 CFR 541.3.

34 [(4)] (5) Life insurance coverage purchased to finance employer-
35 provided pension and welfare benefit plans shall be allowed only on
36 the lives of those employees and retirees who are eligible to participate
37 in the plan at the time their lives are first insured under the plan.

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

40 (c) This section shall not be construed to affect or prohibit any
41 person, trust or corporation from procuring insurance upon the life or
42 health of another person in whom it has an insurable interest at
43 common law.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2013</i>	38a-291

Statement of Purpose:

To require the termination of trust-owned or employer-owned life insurance coverage after such employee's employment with such employer has terminated.

[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.]