

HOUSE BILL No. 1094

DIGEST OF INTRODUCED BILL

Citations Affected: IC 27-1-12-37.

Synopsis: Group life insurance beneficiary. Allows a key employee insured under an employer group life insurance policy to name the employer as a beneficiary.

Effective: Upon passage.

Heaton, Hamm

January 9, 2014, read first time and referred to Committee on Insurance.



Second Regular Session 118th General Assembly (2014)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

HOUSE BILL No. 1094

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 27-1-12-37 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 37. Except as
3 provided in section 38 of this chapter, no policy of group life insurance
4 may be delivered in Indiana unless it conforms to one (1) of the
5 following descriptions:

6 (1) A policy issued to an employer or to the trustees of a fund
7 established by an employer (which employer or trustees must be
8 deemed the policyholder) to insure employees of the employer for
9 the benefit of persons ~~other than~~ **named by the employee (which,**
10 **only in the case of a key employee (as defined by 26 U.S.C.**
11 **79(d)(6)), may include** the employer), subject to the following
12 requirements:

13 (A) The employees eligible for insurance under the policy
14 must be all of the employees of the employer, or all of any
15 class or classes of employees. The policy may provide that the
16 term "employees" includes the employees of one (1) or more



1 subsidiary corporations and the employees, individual
2 proprietors, and partners of one (1) or more affiliated
3 corporations, limited liability companies, proprietorships, or
4 partnerships if the business of the employer and of the
5 affiliated corporations, proprietorships, limited liability
6 companies, or partnerships is under common control. The
7 policy may provide that the term "employees" includes the
8 individual proprietor or partners if the employer is an
9 individual proprietorship or partnership. The policy may
10 provide that the term "employees" may include retired
11 employees, former employees, and directors of a corporate
12 employer. A policy issued to insure the employees of a public
13 body may provide that the term "employees" includes elected
14 or appointed officials.

15 (B) The premium for the policy must be paid either from the
16 employer's funds, from funds contributed by the insured
17 employees, or from both sources of funds. Except as provided
18 in clause (C), a policy on which no part of the premium is to
19 be derived from funds contributed by the insured employees
20 must insure all eligible employees, except those who reject the
21 coverage in writing.

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

25 (2) A policy issued to a creditor or its parent holding company or
26 to a trustee or trustees or agent designated by two (2) or more
27 creditors (which creditor, holding company, affiliate, trustee,
28 trustees, or agent must be deemed the policyholder) to insure
29 debtors of the creditor, or creditors, subject to the following
30 requirements:

31 (A) The debtors eligible for insurance under the policy must
32 be all of the debtors of the creditor or creditors, or all of any
33 class or classes of debtors. The policy may provide that the
34 term "debtors" includes:

35 (i) borrowers of money or purchasers or lessees of goods,
36 services, or property for which payment is arranged through
37 a credit transaction;

38 (ii) the debtors of one (1) or more subsidiary corporations;
39 and

40 (iii) the debtors of one (1) or more affiliated corporations,
41 proprietorships, limited liability companies, or partnerships
42 if the business of the policyholder and of the affiliated



- 1 corporations, proprietorships, limited liability companies, or
2 partnerships is under common control.
- 3 (B) The premium for the policy must be paid either from the
4 creditor's funds, from charges collected from the insured
5 debtors, or from both sources of funds. Except as provided in
6 clause (C), a policy on which no part of the premium is to be
7 derived from the funds contributed by insured debtors
8 specifically for their insurance must insure all eligible debtors.
- 9 (C) An insurer may exclude any debtors as to whom evidence
10 of individual insurability is not satisfactory to the insurer.
- 11 (D) The amount of the insurance on the life of any debtor may
12 at no time exceed the greater of the scheduled or actual
13 amount of unpaid indebtedness to the creditor.
- 14 (E) The insurance may be payable to the creditor or any
15 successor to the right, title, and interest of the creditor. Each
16 payment under this clause must reduce or extinguish the
17 unpaid indebtedness of the debtor to the extent of the payment,
18 and any excess of the insurance must be payable to the estate
19 of the insured.
- 20 (F) Notwithstanding clauses (A) through (E), insurance on
21 agricultural credit transaction commitments may be written up
22 to the amount of the loan commitment on a nondecreasing or
23 level term plan, and insurance on educational credit
24 transaction commitments may be written up to the amount of
25 the loan commitment less the amount of any repayments made
26 on the loan.
- 27 (3) A policy issued to a labor union or similar employee
28 organization (which organization must be deemed to be the
29 policyholder) to insure members of the union or organization for
30 the benefit of persons other than the union or organization or any
31 of its officials, representatives, or agents, subject to the following
32 requirements:
- 33 (A) The members eligible for insurance under the policy must
34 be all of the members of the union or organization, or all of
35 any class or classes of members.
- 36 (B) The premium for the policy must be paid either from funds
37 of the union or organization, from funds contributed by the
38 insured members specifically for their insurance, or from both
39 sources of funds. Except as provided in clause (C), a policy on
40 which no part of the premium is to be derived from funds
41 contributed by the insured members specifically for their
42 insurance must insure all eligible members, except those who



1 reject the coverage in writing.
2 (C) An insurer may exclude or limit the coverage on any
3 person as to whom evidence of individual insurability is not
4 satisfactory to the insurer.
5 (4) A policy issued to a trust or to one (1) or more trustees of a
6 fund established or adopted by two (2) or more employers, or by
7 one (1) or more labor unions or similar employee organizations,
8 or by one (1) or more employers and one (1) or more labor unions
9 or similar employee organizations (which trust or trustees must be
10 deemed the policyholder) to insure employees of the employers
11 or members of the unions or organizations for the benefit of
12 persons other than the employers or the unions or organizations,
13 subject to the following requirements:
14 (A) The persons eligible for insurance must be all of the
15 employees of the employers or all of the members of the
16 unions or organizations, or all of any class or classes of
17 employees or members. The policy may provide that the term
18 "employees" includes the employees of one (1) or more
19 subsidiary corporations and the employees, individual
20 proprietors, and partners of one (1) or more affiliated
21 corporations, proprietorships, limited liability companies, or
22 partnerships if the business of the employer and of the
23 affiliated corporations, proprietorships, limited liability
24 companies, or partnerships is under common control. The
25 policy may provide that the term "employees" includes the
26 individual proprietor or partners if the employer is an
27 individual proprietorship or partnership. The policy may
28 provide that the term "employees" includes retired employees,
29 former employees, and directors of a corporate employer. The
30 policy may provide that the term "employees" includes the
31 trustees or their employees, or both, if their duties are
32 principally connected with the trusteeship.
33 (B) The premium for the policy must be paid from funds
34 contributed by the employer or employers of the insured
35 persons, by the union or unions or similar employee
36 organizations, or by both, from funds contributed by the
37 insured persons, or from both the insured persons and one (1)
38 or more employers, unions, or similar employee organizations.
39 Except as provided in clause (C), a policy on which no part of
40 the premium is to be derived from funds contributed by the
41 insured persons, specifically for their insurance must insure all
42 eligible persons, except those who reject the coverage in



- 1 writing.
- 2 (C) An insurer may exclude or limit the coverage on any
- 3 person as to whom evidence of individual insurability is not
- 4 satisfactory to the insurer.
- 5 (5) A policy issued to an association, a trust, or one (1) or more
- 6 trustees of a fund established, created, or maintained for the
- 7 benefit of members of one (1) or more associations. The
- 8 association or associations must have at the outset a minimum of
- 9 one hundred (100) persons; must have been organized and
- 10 maintained in good faith for purposes other than that of obtaining
- 11 insurance; must have been in active existence for at least two (2)
- 12 years; and must have a constitution and bylaws that provide that
- 13 the association or associations hold regular meetings not less than
- 14 annually to further purposes of the members, that, except for
- 15 credit unions, the association or associations collect dues or
- 16 solicit contributions from members, and that the members have
- 17 voting privileges and representation on the governing board and
- 18 committees. The policy must be subject to the following
- 19 requirements:
- 20 (A) The policy may insure members or employees of the
- 21 association or associations, employees of members, one (1) or
- 22 more of the preceding, or all of any class or classes of
- 23 members, employees, or employees of members for the benefit
- 24 of persons other than the employee's employer.
- 25 (B) The premium for the policy must be paid from funds
- 26 contributed by the association or associations, by employer
- 27 members, or by both, from funds contributed by the covered
- 28 persons, or from both the covered persons and the association,
- 29 associations, or employer members.
- 30 (C) Except as provided in clause (D), a policy on which no
- 31 part of the premium is to be derived from funds contributed by
- 32 the covered persons specifically for the insurance must insure
- 33 all eligible persons, except those who reject such coverage in
- 34 writing.
- 35 (D) An insurer may exclude or limit the coverage on any
- 36 person as to whom evidence of individual insurability is not
- 37 satisfactory to the insurer.
- 38 (6) A policy issued to a credit union or to one (1) or more trustees
- 39 or an agent designated by two (2) or more credit unions (which
- 40 credit union, trustee, trustees, or agent must be deemed the
- 41 policyholder) to insure members of the credit union or credit
- 42 unions for the benefit of persons other than the credit union or



1 credit unions, trustee, trustees, or agent, or any of their officials,
2 subject to the following requirements:
3 (A) The members eligible for insurance must be all of the
4 members of the credit union or credit unions, or all of any
5 class or classes of members.
6 (B) The premium for the policy shall be paid by the
7 policyholder from the credit union's funds and, except as
8 provided in clause (C), must insure all eligible members.
9 (C) An insurer may exclude or limit the coverage on any
10 member as to whom evidence of individual insurability is not
11 satisfactory to the insurer.
12 **SECTION 2. An emergency is declared for this act.**

