

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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HOUSE BILL 841

Short Title: Group Life Insurance.

(Public)

Sponsors: Representative Beall.

Referred to: Commerce.

April 16, 1991

1 A BILL TO BE ENTITLED
2 AN ACT TO AFFECT GROUP LIFE INSURANCE.

3 The General Assembly of North Carolina enacts:

4 Section 1. G.S. 58-58-135(5) reads as rewritten:

5 "(5) A policy issued to an ~~association of persons having a common professional~~
6 ~~or business interest, association,~~ which association shall be deemed the
7 policyholder, to insure members of such association for the benefit of
8 persons other than the association or any of its officials,
9 representatives or agents, subject to the following requirements:

10 a. Such association shall have had an active existence for at least
11 two years immediately preceding the purchase of such
12 insurance, ~~was~~ shall have been formed for purposes other than
13 procuring insurance and ~~does~~ shall not derive its funds
14 principally from contributions of insured members toward the
15 payment of premiums for the insurance.

16 b. The members eligible for insurance under the policy shall be all
17 of the members of the association or all of any class or classes
18 thereof determined by conditions pertaining to their
19 employment, or the membership in the association, or both.
20 The policy may provide that the term "members" shall include
21 the employees of members, if their duties are principally
22 connected with the member's business or profession.

23 c. The premium for the policy shall be paid by the policyholder,
24 either wholly from the association's funds, or partly from such

1 funds and partly from funds contributed by the insured
2 members specifically for their insurance. No policy may be
3 issued on which the entire premium is to be derived from funds
4 contributed by the insured members specifically for their
5 insurance, nor if the Commissioner finds that the rate of such
6 contributions will exceed the maximum rate customarily
7 charged employees insured under like group life insurance
8 policies issued in accordance with the provisions of subdivision
9 (1). A policy on which part of the premium is to be derived
10 from funds contributed by the insured members specifically for
11 their insurance may be placed in force provided the group is
12 structured on an actuarially sound basis. A policy on which no
13 part of the premium is to be derived from funds contributed by
14 the insured members specifically for their insurance must insure
15 all eligible members, or all except any as to whom evidence of
16 individual insurability is not satisfactory to the insurer.

- 17 d. The policy must cover at least 25 members at date of issue.
18 e. The amounts of insurance under the policy must be based upon
19 some plan precluding individual selection either by the
20 members or by the association."

21 Sec. 2. This act is effective upon ratification.