

SENATE, No. 2052

STATE OF NEW JERSEY

INTRODUCED MAY 8, 1997

By Senator BASSANO

1 AN ACT concerning certain group life insurance and
2 amending N.J.S.17B:27-2.

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4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

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7 1. N.J.S. 17B:27-2 is amended to read as follows:

8 17B:27-2. A policy issued to an employer, or to the trustees of a
9 fund established by an employer, which employer or trustees shall be
10 deemed the policyholder, to insure employees of the employer for the
11 benefit of persons other than the employer, subject to the following
12 requirements:

13 a. The employees eligible for insurance under the policy shall be all
14 of the employees of the employer, or all of any class or classes thereof
15 determined by conditions pertaining to their employment or by a
16 combination of such conditions and conditions pertaining to the family
17 status of the employees. The policy may provide that the term
18 "employees" shall include the employees of one or more subsidiary
19 corporations and the employees, individual proprietors and partners of
20 one or more affiliated corporations, proprietors or partnerships if the
21 business of the employer and such affiliated corporations, proprietors
22 or partnerships is under common control through stock ownership,
23 contract or otherwise. The policy may provide that the term
24 "employees" shall include the individual proprietor or partners if the
25 employer is an individual proprietor or a partnership. The policy may
26 provide that the term "employees" shall include retired employees.
27 No director of a corporate employer shall be eligible for insurance
28 under the policy unless such person is otherwise eligible as a bona fide
29 employee of the corporation by performing services other than the
30 usual duties of a director. No individual proprietor or partner shall be
31 eligible for insurance under the policy unless he is actively engaged in
32 and devotes a substantial part of his time to the conduct of the
33 business of the proprietor or partnership. The policy may provide that
34 the term "employees" shall include the trustees or their employees, or

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

1 both, if their duties are principally connected with such trusteeship.
2 b. The premium for the policy shall be paid by the policyholder,
3 either wholly from the employer's funds or funds contributed by him,
4 or partly from such funds and partly from funds contributed by the
5 insured employees. No policy may be issued on which the entire
6 premium is to be derived from funds contributed by the insured
7 employees. A policy on which part of the premium is to be derived
8 from funds contributed by the insured employees may be placed in
9 force only if at least 75% of the then eligible employees, excluding any
10 as to whom evidence of individual insurability is not satisfactory to
11 the insurer, elect to make the required contributions. A policy on
12 which no part of the premium is to be derived from funds contributed
13 by the insured employees [must] shall insure all eligible employees [or
14 all] , except [any as to] for those employees for whom evidence of
15 individual insurability is not satisfactory to the insurer and those
16 employees who notify the employer, in writing by certified mail with
17 return receipt requested, that they do not want to be covered under the
18 policy or want coverage of themselves under the policy discontinued.
19 In those cases in which employees notify an employer that they want
20 coverage of themselves under the policy discontinued, the employer
21 shall immediately discontinue coverage and send a letter to those
22 employees confirming the discontinuation.
23 c. The policy [must] shall cover at least 10 employees at date of
24 issue.
25 d. The amounts of insurance under the policy [must] shall be based
26 upon some plan precluding individual selection either by the employees
27 or by the employer or trustees.
28 (cf: N.J.S.17B:27-2)

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30 2. This act shall take effect immediately.

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STATEMENT

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35 This bill allows employees and former employees, who are covered
36 by, or are proposed to be covered by, a group life insurance policy
37 provided by their employer, to refuse that coverage if they so notify
38 the employer in writing by certified mail with return receipt requested.

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44 Allows employees and former employees to opt out of certain life
insurance group coverage.