

SESSION OF 2011

SUPPLEMENTAL NOTE ON SENATE BILL NO. 85

As Amended by House Committee on
Insurance

Brief*

SB 85, as amended, would amend a statute governing policy requirements for group life insurance to delete specified participation percentages required for covered employees to place a group life policy in effect. Under the bill, policy premiums could be paid by the policyholder, the insured employee, or both. The bill also would delete requirements that group life policies must cover a specified number of individuals at the date of issue. Finally, the bill would delete the limitation of coverage (50.0 percent in the current law) allowed for dependents covered under an employee's group life insurance policy.

Under current law, employer group life insurance premiums are paid by the policyholder.

Background

The bill was introduced at the request of the American Council of Life Insurers whose representative indicated that the bill would modernize the state's existing group insurance law. The representative noted that 25 percent of the group life insurance market is fully voluntary and by allowing voluntary life benefits through an employer group, employers would be able to continue to offer their employees the advantages of payroll deduction, group rates, limited underwriting, and other efficiencies in administration. The representative also noted

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

that at present, only three states (Kansas included) have not modernized their group life insurance laws.

There were no opponents to the bill at the time of the Senate Committee hearing.

The House Committee on Insurance amendments delete a premium payment provision that excluded voluntary term life insurance policies (group) and also delete a limitation (50 percent in current law, 100 percent in the bill, as introduced) on coverage allowed for dependents covered under an employee's group life insurance policy. With the deletion, an employee's spouse or other dependent could be covered at a percentage greater than 100 percent of the amount of insurance on the life of that insured employee. The amendments were requested by the American Council of Life Insurers.

The fiscal note prepared by the Division of the Budget on the original bill states that the Kansas Insurance Department indicates that implementation of the bill would increase the workload of the Department. However, the additional workload is within the scope of expertise and training of the existing staff and could be handled within existing resources.