

LEGISLATIVE BILL 1189

Approved by the Governor March 21, 1972

Introduced by E. Thome Johnson, 15th District

AN ACT to amend sections 44-1606.01 and 44-1614, Reissue Revised Statutes of Nebraska, 1943, relating to insurance; to amend certain limitations on amounts of coverage as prescribed; to repeal the original sections; and to declare an emergency.

Be it enacted by the people of the State of Nebraska,

Section 1. That section 44-1606.01, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

44-1606.01. A policy issued to an association whose eligible members have the same profession, trade, or occupation and which has been organized and is maintained for purposes other than that of obtaining insurance, which shall be deemed the policyholder, to insure members, or employees of members, of such association for the benefit of persons other than the association, or any of its officials, representatives, or agents, shall be subject to the following requirements:

(1) The members or employees eligible for insurance under the policy shall be all the members, and all the employees of the members, of the association, or all of any class or classes thereof determined by conditions pertaining to their employment, or to membership in the association, or both. The policy may provide that the term employees shall include the employees of the association if their duties are principally connected with such association;

(2) The premium for the policy shall be paid by the policyholder, either from the association's own funds, or from charges collected from the insured members or employees specifically for their insurance, or from both. A policy on which any part or all of the premium is to be derived from funds contributed by the insured members or employees specifically for their insurance may be placed in force only if at least fifty per cent of the then eligible members or a minimum of two hundred members and employees, whichever is less, excluding any as to whom evidence of individual insurability is not satisfactory to the insurer, elect to make the required contributions. A policy on which no part of the premium

is to be derived from funds contributed by the insured members or employees specifically for their insurance must insure all eligible members or employees, or all except any as to whom evidence of individual insurability is not satisfactory to the insurer;

(3) The policy must cover at least twenty-five persons, members or employees at date of issuance; and

(4) The amounts of insurance under the policy must be based upon some plan precluding individual selection either by the members or employees or by the association. ~~No policy may be issued which provides term insurance on any member or employee which--together--with any other term insurance under any group--life--insurance policy or policies--issued--to--the--association--exceeds twenty-five thousand dollars;~~

Sec. 2. That section 44-1614, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

44-1614. (1) Insurance, further referred to in subsection (2) of this section, under any group life insurance policy issued pursuant to section 44-1602, 44-1604, or 44-1605, or 44-1606.01 may, ~~if seventy-five per cent of the then insured employees or members elect,~~ be extended to insure the spouse and minor children, or any class or classes thereof, of each insured employee or member, ~~who so elects, in amounts in accordance with a plan which precludes individual selection by the employees or members or by the employer, labor union, or trustee and which, on the life of any one family member, shall not be in excess of fifty per cent of the insurance on the life of the insured employee or member or one thousand dollars, whichever is less; Provided, in the case of a minor child whose age at death is under six months, the amount shall not be in excess of one hundred dollars.~~ Premiums for the insurance on such spouse and minor children shall be paid by the policyholder, either from the policyholder's fund or funds contributed by him, or from funds contributed by the insured employees or members, or from both.

(2) Upon termination of the insurance, referred to in subsection (1) of this section, with respect to the spouse or minor children of any employee or member by reason of termination of employment, termination of membership in the class or classes eligible for coverage under the policy, or death, the spouse shall be entitled to have issued by the insurer, without evidence of insurability, an individual policy of life insurance without disability or other supplementary benefits, if

application for the individual policy shall be made, and the first premium paid to the insurer, within thirty-one days after such termination, subject to the requirements of subdivision (8) of section 44-1607. If the group policy terminates or is amended so as to terminate the insurance of any class of employees or members, and the employee or member is entitled to have issued an individual policy under subdivision (9) of section 44-1607, the spouse shall also be entitled to have issued by the insurer an individual policy, subject to the conditions and limitations provided above. If the spouse dies within the period during which he would have been entitled to have an individual policy issued in accordance with this section, the amount of life insurance which he would have been entitled to have issued under such individual policy shall be payable as a claim under the group policy, whether or not application for the individual policy or the payment of the first premium therefor has been made. Notwithstanding subdivision (7) of section 44-1607 only one certificate need be issued for delivery to an insured person if a statement concerning any dependents' coverage is included in such certificate.

Sec. 3. That original sections 44-1606.01 and 44-1614, Reissue Revised Statutes of Nebraska, 1943, are repealed.

Sec. 4. Since an emergency exists, this act shall be in full force and take effect, from and after its passage and approval, according to law.