

SENATE BILL REPORT

SB 6166

As Reported By Senate Committee On:
Financial Services, Insurance & Housing, February 2, 2004

Title: An act relating to funding group life insurance.

Brief Description: Funding group life insurance.

Sponsors: Senator Benton.

Brief History:

Committee Activity: Financial Services, Insurance & Housing: 1/20/04, 2/2/04 [DPS].

SENATE COMMITTEE ON FINANCIAL SERVICES, INSURANCE & HOUSING

Majority Report: That Substitute Senate Bill No. 6166 be substituted therefor, and the substitute bill do pass.

Signed by Senators Benton, Chair; Winsley, Vice Chair; Berkey, Keiser, Murray, Prentice and Roach.

Staff: Joanne Conrad (786-7472)

Background: Group life insurance is provided to some employees by some employers. It is a basic form of employee benefit, and not all employers are financially able to provide it. The employer contracts for a master policy and issues certificates of participation to employees. In some cases, coverage may be extended to the employee's family members as well. Group life is also available through unions and associations. Employers may pay all of the costs or share the cost with employees. Currently, no group life policy premium can be paid entirely by employee funds.

Summary of Substitute Bill: The premium for group life insurance is paid by the policyholder, either wholly by the employer, or shared between the employer and the insured employees. Policies may be issued where the entire premium is paid by the insured employees.

In cases where group life coverage is extended to spouses and dependents, insurance on the life of a spouse cannot exceed the amount of insurance purchased by the insured employee. Premiums for insurance on family members can be paid by the employer, or from the employee's funds.

Substitute Bill Compared to Original Bill: The 75 percent employee voting provision is removed.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: This bill would make group life insurance more readily available, cheaper, and easier to buy.

Testimony Against: None.

Testified: Basil Badley, ACLI (pro).