

# HOUSE BILL REPORT

## HB 1146

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**As Reported by House Committee On:**  
Financial Institutions & Insurance

**Title:** An act relating to funding group life insurance.

**Brief Description:** Funding group life insurance.

**Sponsors:** Representatives Roach, Kirby and Simpson.

**Brief History:**

**Committee Activity:**

Financial Institutions & Insurance: 1/25/05, 1/27/05 [DPA].

**Brief Summary of Amended Bill**

- Allows employers to offer group life insurance policies when the entire premium for the policy is paid by insured employees.
- Reduces the number of covered employees from 10 to two.
- Eliminates the minimum participation requirements.
- Allows an employee to purchase a life insurance policy on a family member in the same amount purchased by the insured employee on his or her own life.

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### HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

**Majority Report:** Do pass as amended. Signed by 10 members: Representatives Kirby, Chair; Ericks, Vice Chair; Roach, Ranking Minority Member; Newhouse, Santos, Schual-Berke, Serben, Simpson, Tom and Williams.

**Staff:** Jon Hedegard (786-7127).

**Background:**

The Office of the Insurance Commissioner regulates life insurance contracts that are issued or delivered in Washington. Currently, an employer may provide group life insurance policies for the benefit of employees and their families. If the employer offers this benefit, the employer must pay all or part of the premium. Employees are not allowed to pay the entire premium.

These group life policies may be issued only if there are at least 10 covered lives. If part of the premium is to be paid by employees, at least 75 percent of the eligible employees must elect to make the required contribution.

In some cases, coverage offered by an employer may be extended to the employee's spouse and dependent children. An employee may purchase life insurance on the family member in an amount not to exceed 50 percent of the insurance on the life of the employee.

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**Summary of Amended Bill:**

Group life policies may be issued where the entire premium is paid by the insured employees. The minimum group size is reduced from 10 to two. The minimum participation rate for insured employees is eliminated. In cases where group life coverage is extended to spouses and dependents, the spouse or dependent may be insured up to the same amount as is purchased by the insured employee. The premiums for insurance on family members must be paid by the policyholder. The funds for the premiums can come from the employer, employee, funds contributed to the employee, trust, or labor union.

**Amended Bill Compared to Original Bill:**

Language requiring a minimum employee participation percentage for group life coverage of spouse and dependents is eliminated. This parallels language struck elsewhere in the bill.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date of Amended Bill:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** This is a simple bill. Employers would like to offer more options to employees. Group life policies are a good value and may be a good option for employees even if they have to pay all of the premiums. We do have one suggested amendment, there is existing language in section 2 regarding the 75 percent threshold that we believe should be removed. This was an oversight. The parallel language in section 1 was struck.

**Testimony Against:** None.

**Persons Testifying:** (In support) Representative Roach, sponsor; and Mel Sorensen, American Council of Life Insurers and National Association of Insurance and Financial Advisors.

**Persons Signed In To Testify But Not Testifying:** None.