

SESSION OF 2011

SUPPLEMENTAL NOTE ON SENATE BILL NO. 85

As Recommended by Senate Committee on
Financial Institutions and Insurance

Brief*

SB 85 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 increase from 50.0 percent to 100 percent, the limitation of coverage 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 that at present, only three states (Kansas included) have not modernized their group life insurance laws.

*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>

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

The fiscal note prepared by the Division of the Budget 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.