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**BILL ANALYSIS**

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Senate Bill 1269 (as introduced 5-17-06)
Sponsor: Senator Gerald Van Woerkom
Committee: Banking and Financial Institutions

Date Completed: 5-25-06

CONTENT

The bill would amend the Insurance Code to allow group life insurance to be issued covering not less than two, rather than 10, employees; and permit group life insurance to be part of combined life and disability insurance. The bill also would delete a provision regarding the minimum percentage of employees insured under a policy whose premium is paid jointly by the employer and employees.

Currently, group life insurance may be issued covering not less than 10 employees, with or without medical examination, under a policy issued to the employer or the trustees of a fund established by the employer. The premium on such a group policy may be paid by the employer, the employees, or by the employer and employees jointly. The policy must insure all of the employer's employees or all of any class or classes of employees determined by conditions pertaining to employment. Under the bill, that group life insurance could be issued covering not less than two employees. Also, group life insurance could be written as part of a combined group life and disability insurance policy.

Under the Code, if the premium on a group life insurance policy covering employees is to be paid by the employer and employee jointly and the benefits of the policy are offered to all eligible employees, at least 75% of the employees may be insured. The bill would delete this provision.

MCL 500.4404

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

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