

SENATE BILL No. 29

DIGEST OF INTRODUCED BILL

Citations Affected: IC 27-1-12-17.1.

Synopsis: Employer purchased insurance. Requires an employee's written consent to an employer's purchase of life or disability insurance covering the employee. Limits the amount payable under the life or disability insurance to the amount of the employee's annual salary.

Effective: July 1, 2012.

Mrvan

January 4, 2012, read first time and referred to Committee on Insurance and Financial Institutions.

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Second Regular Session 117th General Assembly (2012)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2011 Regular Session of the General Assembly.

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SENATE BILL No. 29



A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 27-1-12-17.1 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 17.1. (a) As used in this
3 section, "employee" includes a director, an officer, a partner, a
4 manager, a non-management employee, and a retired employee of the
5 employer or the employer's affiliates.

6 (b) As used in this section, "employer" means an individual, a
7 corporation, a partnership, a limited liability company, and any other
8 legal entity that has at least one (1) employee and is legally doing
9 business in Indiana. The term includes an association of employers and
10 the employer's affiliates.

11 (c) An employer that provides life insurance, health insurance,
12 disability insurance, retirement benefits, or similar benefits to an
13 employee of the employer has an insurable interest in the life of the
14 employee. The trustee of a trust established by an employer for the
15 benefit of the employer has the same insurable interest as the employer
16 in the life of an employee. The trustee of a trust established by an
17 employer that provides life insurance, health insurance, disability



1 insurance, retirement benefits, or similar benefits to an employee of the
 2 employer and acts in a fiduciary capacity with respect to that employee
 3 or the employee's dependents or beneficiaries has an insurable interest
 4 in the life of the employee for whom benefits are to be provided.

5 (d) An employer or the trustee of a trust established by the employer
 6 may acquire **life or disability** insurance upon an employee in whom
 7 the employer or the trustee of the trust has an insurable interest as
 8 determined under subsection (c) if the:

9 **(1) employee consents to be insured; and**

10 **(2) total amount payable to the employer or trustee under the**
 11 **life or disability insurance policy or contract does not exceed**
 12 **an amount equal to the annual salary of the employee.**

13 An employee consents to be insured if the employee is ~~provided written~~
 14 ~~notice of the insurance coverage and does not object~~ **provides, to the**
 15 **employer or trustee, written consent to the life or disability**
 16 **insurance coverage within thirty (30) days of receipt of the notice**
 17 **before the life or disability insurance coverage is issued.**

18 (e) An insurable interest must exist at the time the contract of life or
 19 disability insurance becomes effective, but need not exist at the time
 20 the loss occurs.

21 (f) Proceeds of a policy issued under this section are exempt from
 22 the claims of the employee's creditors or dependents.

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