

1 ~~House~~ BILL NO. 709
2 INTRODUCED BY Menahan
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REPEAL SECTION
5 40-3909, R.C.M. 1947, RELATING TO DEPENDENTS' COVERAGE UNDER
6 GROUP LIFE INSURANCE POLICIES."
7
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
9 Section 1. Repealer. Section 40-3909, R.C.M. 1947, is
10 repealed.

-End-

HB 709

INTRODUCED BILL

STATE OF MONTANA

REQUEST NO. 435-77

FISCAL NOTE

Form BD-15

In compliance with a written request received February 8, 19 77, there is hereby submitted a Fiscal Note for House Bill 709 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

House Bill 709 repeals Section 40-3909, R.C.M. 1947, relating to dependents' coverage under group life insurance policies. If passed as drafted, no life insurance under a group plan could be carried on dependents of employees.

FISCAL IMPACT:

Minimal.

Richard D. Stanley

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-17-77

Approved by Committee
on Public Health, Welfare
& Safety

HOUSE BILL NO. 709

INTRODUCED BY MENAHAN

A BILL FOR AN ACT ENTITLED: "AN ACT TO REPEAL ~~DELETE~~
~~PORTIONS OF~~ SECTION 40-3909, R.C.M. 1947, RELATING TO
DEPENDENTS' COVERAGE UNDER GROUP LIFE INSURANCE POLICIES."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. ~~Repeater~~ Section 40-3909, R.C.M. 1947, is
~~repeated~~ AMENDED TO READ AS FOLLOWS.

"40-3909. Dependents' coverage. Any group life policy
issued under section 40-3902 (employee groups), or 40-3903
(labor union groups) or 40-3904 (trustee groups) may be
extended to insure the employees or members against loss due
to the death of their spouses and minor children, or any
class or classes thereof, subject to the following
requirements:

(1) The premium for the insurance shall be paid by the
policyholder, either from the employer's or union's funds or
funds contributed by the employer or union, or from funds
contributed by the insured employees or members, or from
both. If any part of the premium is to be derived from funds
contributed by the insured employees or members, the
insurance with respect to spouses and children may be placed
in force only if at least seventy-five per cent (75%) of the

then eligible employees or members, excluding any as to
whose family members evidence of insurability is not
satisfactory to the insurer, elect to make the required
contribution. If no part of the premium is to be derived
from funds contributed by the employees or members, all
eligible employees or members, excluding any as to whose
family members evidence of insurability is not satisfactory
to the insurer, must be insured with respect to their
spouses and children.

(2) The amounts of insurance must be based upon some
plan precluding individual selection either by the employees
or members or by the policyholder, employer or union--and
~~shall not exceed, with respect to any spouse or child, the~~
~~amount shown in the following schedule.~~

Age of Family Member	Maximum Amount at Death
Under 6 months	\$ 100
6 months and under 2 years	200
2 years and under 3 years	400
3 years and under 4 years	600
4 years and under 5 years	800
5 years and over	1,000

(3) Upon termination of the insurance with respect to
the members of the family of any employee or member by
reason of the employee's or member's termination of

1 employment, termination of membership in the class or
 2 classes eligible for coverage under the policy, or death,
 3 the spouse shall be entitled to have issued by the insurer,
 4 without evidence of insurability, an individual policy of
 5 life insurance, without disability or other supplementary
 6 benefits, providing application for the individual policy
 7 shall be made, and the first premium paid to the insurer,
 8 within thirty-one days after such termination, subject to
 9 the requirements of subdivisions (1), (2) and (3) of section
 10 40-3917 of this chapter. If the group policy terminates or
 11 is amended so as to terminate the insurance of any class of
 12 employees or members and the employee or member is entitled
 13 to have issued an individual policy under section 40-3919 of
 14 this chapter, the spouse shall also be entitled to have
 15 issued by the insurer an individual policy, subject to the
 16 conditions and limitations provided above. If the spouse
 17 dies within the period during which he would have been
 18 entitled to have an individual policy issued in accordance
 19 with this provision, the amount of life insurance which he
 20 would have been entitled to have issued under such
 21 individual policy shall be payable as a claim under the
 22 group policy, whether or not application for the individual
 23 policy or the payment of the first premium therefor has been
 24 made.

25 (4) Notwithstanding section 40-3917 of this chapter,

1 only one certificate need be issued for delivery to an
 2 insured person if a statement concerning any dependent's
 3 coverage is included in such certificate."

-End-

1 HOUSE BILL NO. 709
 2 INTRODUCED BY MENAHAN
 3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REPEAL ~~DELETE~~
 5 ~~PORTIONS OF~~ SECTION 40-3909, R.C.M. 1947, RELATING TO
 6 DEPENDENTS' COVERAGE UNDER GROUP LIFE INSURANCE POLICIES."
 7
 8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 9 Section 1. ~~Repeater~~, Section 40-3909, R.C.M. 1947, is
 10 repeated AMENDED TO READ AS FOLLOWS.
 11 "40-3909. Dependents' coverage. Any group life policy
 12 issued under section 40-3902 (employee groups), or 40-3903
 13 (labor union groups) or 40-3904 (trustee groups) may be
 14 extended to insure the employees or members against loss due
 15 to the death of their spouses and minor children, or any
 16 class or classes thereof, subject to the following
 17 requirements:
 18 (1) The premium for the insurance shall be paid by the
 19 policyholder, either from the employer's or union's funds or
 20 funds contributed by the employer or union, or from funds
 21 contributed by the insured employees or members, or from
 22 both. If any part of the premium is to be derived from funds
 23 contributed by the insured employees or members, the
 24 insurance with respect to spouses and children may be placed
 25 in force only if at least seventy-five per cent (75%) of the

1 then eligible employees or members, excluding any as to
 2 whose family members evidence of insurability is not
 3 satisfactory to the insurer, elect to make the required
 4 contribution. If no part of the premium is to be derived
 5 from funds contributed by the employees or members, all
 6 eligible employees or members, excluding any as to whose
 7 family members evidence of insurability is not satisfactory
 8 to the insurer, must be insured with respect to their
 9 spouses and children.
 10 (2) The amounts of insurance must be based upon some
 11 plan precluding individual selection either by the employees
 12 or members or by the policyholder, employer or union, ~~and~~
 13 ~~shall not exceed, with respect to any spouse or child, the~~
 14 ~~amount shown in the following schedule.~~
 15 ~~Age of Family Member-----Maximum Amount~~
 16 ~~at Death-----of Insurance~~
 17 ~~Under 6 months-----\$ 100~~
 18 ~~6 months and under 2 years-----200~~
 19 ~~2 years and under 3 years-----400~~
 20 ~~3 years and under 4 years-----600~~
 21 ~~4 years and under 5 years-----800~~
 22 ~~5 years and over-----1,000~~
 23 (3) Upon termination of the insurance with respect to
 24 the members of the family of any employee or member by
 25 reason of the employee's or member's termination of

1 employment, termination of membership in the class or
 2 classes eligible for coverage under the policy, or death,
 3 the spouse shall be entitled to have issued by the insurer,
 4 without evidence of insurability, an individual policy of
 5 life insurance, without disability or other supplementary
 6 benefits, providing application for the individual policy
 7 shall be made, and the first premium paid to the insurer,
 8 within thirty-one days after such termination, subject to
 9 the requirements of subdivisions (1), (2) and (3) of section
 10 40-3917 of this chapter. If the group policy terminates or
 11 is amended so as to terminate the insurance of any class of
 12 employees or members and the employee or member is entitled
 13 to have issued an individual policy under section 40-3919 of
 14 this chapter, the spouse shall also be entitled to have
 15 issued by the insurer an individual policy, subject to the
 16 conditions and limitations provided above. If the spouse
 17 dies within the period during which he would have been
 18 entitled to have an individual policy issued in accordance
 19 with this provision, the amount of life insurance which he
 20 would have been entitled to have issued under such
 21 individual policy shall be payable as a claim under the
 22 group policy, whether or not application for the individual
 23 policy or the payment of the first premium therefor has been
 24 made.

25 (4) Notwithstanding section 40-3917 of this chapter,

1 only one certificate need be issued for delivery to an
 2 insured person if a statement concerning any dependent's
 3 coverage is included in such certificate."

-End-

1 HOUSE BILL NO. 709
2 INTRODUCED BY MENAHAN

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REPEAT ~~DELETE~~
5 ~~PORTIONS OF~~ SECTION 40-3909, R.C.M. 1947, RELATING TO
6 DEPENDENTS' COVERAGE UNDER GROUP LIFE INSURANCE POLICIES."

7
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9 Section 1. ~~Repeater~~ Section 40-3909, R.C.M. 1947, is
10 repeated AMENDED TO READ AS FOLLOWS.

11 "40-3909. Dependents' coverage. Any group life policy
12 issued under section 40-3902 (employee groups), or 40-3903
13 (labor union groups) or 40-3904 (trustee groups) may be
14 extended to insure the employees or members against loss due
15 to the death of their spouses and minor children, or any
16 class or classes thereof, subject to the following
17 requirements:

18 (1) The premium for the insurance shall be paid by the
19 policyholder, either from the employer's or union's funds or
20 funds contributed by the employer or union, or from funds
21 contributed by the insured employees or members, or from
22 both. If any part of the premium is to be derived from funds
23 contributed by the insured employees or members, the
24 insurance with respect to spouses and children may be placed
25 in force only if at least seventy-five per cent (75%) of the

1 then eligible employees or members, excluding any as to
2 whose family members evidence of insurability is not
3 satisfactory to the insurer, elect to make the required
4 contribution. If no part of the premium is to be derived
5 from funds contributed by the employees or members, all
6 eligible employees or members, excluding any as to whose
7 family members evidence of insurability is not satisfactory
8 to the insurer, must be insured with respect to their
9 spouses and children.

10 (2) The amounts of insurance must be based upon some
11 plan precluding individual selection either by the employees
12 or members or by the policyholder, employer or union--and
13 ~~shall not exceed, with respect to any spouse or child, the~~
14 ~~amount shown in the following schedule:~~

Age of Family Member	Maximum Amount at Death
Under 6 months	\$100
6 months and under 2 years	200
2 years and under 3 years	400
3 years and under 4 years	600
4 years and under 5 years	800
5 years and over	1000

23 (3) Upon termination of the insurance with respect to
24 the members of the family of any employee or member by
25 reason of the employee's or member's termination of

1 employment, termination of membership in the class or
 2 classes eligible for coverage under the policy, or death,
 3 the spouse shall be entitled to have issued by the insurer,
 4 without evidence of insurability, an individual policy of
 5 life insurance, without disability or other supplementary
 6 benefits, providing application for the individual policy
 7 shall be made, and the first premium paid to the insurer,
 8 within thirty-one days after such termination, subject to
 9 the requirements of subdivisions (1), (2) and (3) of section
 10 40-3917 of this chapter. If the group policy terminates or
 11 is amended so as to terminate the insurance of any class of
 12 employees or members and the employee or member is entitled
 13 to have issued an individual policy under section 40-3919 of
 14 this chapter, the spouse shall also be entitled to have
 15 issued by the insurer an individual policy, subject to the
 16 conditions and limitations provided above. If the spouse
 17 dies within the period during which he would have been
 18 entitled to have an individual policy issued in accordance
 19 with this provision, the amount of life insurance which he
 20 would have been entitled to have issued under such
 21 individual policy shall be payable as a claim under the
 22 group policy, whether or not application for the individual
 23 policy or the payment of the first premium therefor has been
 24 made.

25 (4) Notwithstanding section 40-3917 of this chapter,

1 only one certificate need be issued for delivery to an
 2 insured person if a statement concerning any dependent's
 3 coverage is included in such certificate."

-End-