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*Jim Nelson* House BILL NO. 405

INTRODUCED BY \_\_\_\_\_

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING THE FORMATION OF VOLUNTARY PURCHASING POOLS FOR SMALL EMPLOYER DISABILITY INSURANCE; REVISING ASSOCIATIONS ELIGIBLE TO PURCHASE GROUP DISABILITY INSURANCE POLICIES; AND AMENDING SECTION 33-22-501, MCA."

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

**Section 1.** Section 33-22-501, MCA, is amended to read:

**"33-22-501. Group disability insurance defined -- eligible groups.** Group disability insurance is ~~hereby declared to be~~ that form of disability insurance covering groups of persons as defined ~~below in this section,~~ with or without one or more members of their families or one or more of their dependents, or covering one or more members of the families or one or more dependents of ~~such~~ the groups of persons and issued upon the following bases:

(1) under a policy issued to an employer or trustees of a fund established by an employer, who ~~shall~~ must be deemed considered the policyholder, insuring employees of ~~such~~ the employer for the benefit of persons other than the employer. The term "employees" as used ~~herein shall be deemed to include in this subsection includes~~ the officers, managers, and employees of the employer, the individual proprietor or partner if the employer is an individual proprietor or partnership, the officers, managers, and employees of subsidiary or affiliated corporations, the individual proprietors, partners, and employees of individuals and firms, if the business of the employer and ~~such~~ the individual or firm is under common control through stock ownership, contract, or otherwise. The term "employees" as used ~~herein in this subsection~~ may include retired employees. A policy issued to insure employees of a public body may provide that the term "employees" ~~shall include~~ includes elected or appointed officials. The policy may provide that the term "employees" ~~shall include~~ includes the trustees or their employees, or both, if their duties are principally connected with ~~such~~ the trusteeship.

(2) under a policy issued to an association, including a labor union, ~~which shall have a constitution and bylaws and which has been organized and is maintained in good faith for purposes other than that of obtaining~~ that obtains insurance, insuring members, employees, or employees of members of the

1 association for the benefit of persons other than the association or its officers or trustees. The term  
2 "employees" as used ~~herein~~ in this subsection may include retired employees.

3 (3) under a policy issued to the trustees of a fund established by two or more employers in the  
4 same or related industry or by one or more labor unions or by one or more employers and one or more labor  
5 unions or by an association as defined in subsection (2) ~~above~~, in which the trustees shall be deemed are  
6 considered the policyholder, to insure employees of the employers or members of the unions or of ~~such the~~  
7 association or employees of members of ~~such the~~ association for the benefit of persons other than the  
8 employers or the unions or ~~such the~~ association. The term "employees" as used ~~herein~~ in this subsection  
9 may include the officers, managers, and employees of the employer and the individual proprietor or partners  
10 if the employer is an individual proprietor or partnership. The term "employees" as used ~~herein~~ in this  
11 subsection may include retired employees. The policy may provide that the term "employees" ~~shall include~~  
12 includes the trustees or their employees, or both, if their duties are principally connected with ~~such the~~  
13 trusteeship.

14 (4) under a policy issued to any person or organization to which a policy of group life insurance  
15 may be issued or delivered in this state to insure any class or classes of individuals that could be insured  
16 under ~~such a~~ group life policy;

17 (5) under a policy issued to a voluntary purchasing pool of small employers that is formed solely  
18 for the purpose of obtaining insurance as provided in [section 2];

19 (6) under a policy issued to cover any other substantially similar group ~~which that~~, in the discretion  
20 of the commissioner, may be subject to the issuance of a group disability policy or contract."  
21

22 **NEW SECTION. Section 2. Qualifications for voluntary purchasing pool for small employers.** A  
23 voluntary purchasing pool of small employers may be formed solely for the purpose of obtaining disability  
24 insurance upon compliance with the following provisions:

25 (1) It contains at least one thousand eligible employees.

26 (2) It establishes requirements for membership. However, the voluntary purchasing pool may not  
27 exclude any small employers that otherwise meet the requirements for membership on the basis of claim  
28 experience or health status.

29 (3) It holds an open enrollment period at least once a year during which new members can join the  
30 voluntary purchasing pool.

1           (4) It allows eligible employees and their dependents, upon initial enrollment and during subsequent  
2 enrollment periods, to choose among disability insurance policies or contracts offered through the group.  
3 Persons covered by a disability insurance policy or contract offered through the group that requires an  
4 enrollment period in excess of 1 year are eligible to choose among available plans upon the completion of  
5 the enrollment period.

6           (5) It offers coverage under all plans offered through the group to eligible employees of member  
7 small employers and to the employees' dependents. Coverage may not be limited to certain employees of  
8 member small employers except as provided in 33-22-1811(3)(c).

9           (6) It does not assume any risk or form self-insurance plans among its members.

10          (7) (a) It has the option of using the following types of rating arrangements with the disability  
11 insurance policies or contracts:

12           (i) Disability insurance policies or contracts offered through the voluntary purchasing pool that rate  
13 each member small employer separately are subject to the laws governing small employer health insurance.

14           (ii) Disability insurance policies or contracts offered through the voluntary purchasing pool that rate  
15 the entire group as a whole must charge each insured person based on a community rate within the  
16 common group, adjusted for case characteristics as permitted by the laws governing group disability  
17 insurance.

18          (b) At its discretion, premiums may be paid to the disability insurance policies or contracts by the  
19 voluntary purchasing pool, by member small employers, or by eligible employees and their dependents.

20          (8) It may not act as an agent or engage in any activities for which an insurance agent's license  
21 is required.

22

23           **NEW SECTION. Section 3. Codification instruction.** [Section 2] is intended to be codified as an  
24 integral part of Title 33, chapter 22, part 5, and the provisions of Title 33, chapter 22, part 5, apply to  
25 [section 2].

26

-END-

APPROVED BY SELECT  
COMMITTEE ON HEALTH CARE

HOUSE BILL NO. 405

INTRODUCED BY T. NELSON

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING THE FORMATION OF VOLUNTARY PURCHASING POOLS FOR ~~SMALL EMPLOYER~~ DISABILITY INSURANCE; REVISING ASSOCIATIONS ELIGIBLE TO PURCHASE GROUP DISABILITY INSURANCE POLICIES; AND AMENDING SECTION 33-22-501, MCA."

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(1) under a policy issued to an employer or trustees of a fund established by an employer, who ~~shall must be deemed~~ considered the policyholder, insuring employees of ~~such~~ the employer for the benefit of persons other than the employer. The term "employees" as used ~~herein shall be deemed to include~~ in this subsection includes the officers, managers, and employees of the employer, the individual proprietor or partner if the employer is an individual proprietor or partnership, the officers, managers, and employees of subsidiary or affiliated corporations, the individual proprietors, partners, and employees of individuals and firms, if the business of the employer and ~~such~~ the individual or firm is under common control through stock ownership, contract, or otherwise. The term "employees" as used ~~herein~~ in this subsection may include retired employees. A policy issued to insure employees of a public body may provide that the term "employees" ~~shall include~~ includes elected or appointed officials. The policy may provide that the term "employees" ~~shall include~~ includes the trustees or their employees, or both, if their duties are principally connected with ~~such~~ the trusteeship.

(2) under a policy issued to an association, including a labor union, ~~which shall have a constitution and bylaws and which has been organized and is maintained in good faith for purposes other than that of obtaining~~ that obtains THAT HAS BEEN ORGANIZED AND IS MAINTAINED IN GOOD FAITH FOR

1 PURPOSES OTHER THAN THAT OF OBTAINING insurance, OR OF insuring members, employees, or  
 2 employees of members of the association for the benefit of persons other than the association or its officers  
 3 or trustees. The term "employees" as used ~~herein~~ in this subsection may include retired employees.

4 (3) under a policy issued to the trustees of a fund established by two or more employers in the  
 5 same or related industry or by one or more labor unions or by one or more employers and one or more labor  
 6 unions or by an association as defined in subsection (2) ~~above~~, in which the trustees shall be deemed are  
 7 considered the policyholder, to insure employees of the employers or members of the unions or of ~~such the~~  
 8 association or employees of members of ~~such the~~ association for the benefit of persons other than the  
 9 employers or the unions or ~~such the~~ association. The term "employees" as used ~~herein~~ in this subsection  
 10 may include the officers, managers, and employees of the employer and the individual proprietor or partners  
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 12 subsection may include retired employees. The policy may provide that the term "employees" ~~shall include~~  
 13 includes the trustees or their employees, or both, if their duties are principally connected with ~~such the~~  
 14 trusteeship.

15 (4) under a policy issued to any person or organization to which a policy of group life insurance  
 16 may be issued or delivered in this state to insure any class or classes of individuals that could be insured  
 17 under ~~such a~~ group life policy;

18 (5) under a policy issued to a voluntary purchasing pool of small employers OR TO THE MEMBER  
 19 EMPLOYERS OF A VOLUNTARY PURCHASING POOL that is formed solely for the purpose of obtaining  
 20 insurance as provided in [section 2];

21 (6) under a policy issued to cover any other substantially similar group ~~which that~~, in the discretion  
 22 of the commissioner, may be subject to the issuance of a group disability policy or contract."  
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24 NEW SECTION. Section 2. Qualifications for voluntary purchasing pool for small employers. A  
 25 voluntary purchasing pool of ~~small employers~~ DISABILITY INSURANCE PURCHASERS may be formed solely  
 26 for the purpose of obtaining disability insurance upon compliance with the following provisions:

27 (1) It contains at least ~~one thousand~~ 1,000 eligible employees.

28 (2) It establishes requirements for membership. THE VOLUNTARY PURCHASING POOL SHALL  
 29 ACCEPT FOR MEMBERSHIP ANY SMALL EMPLOYERS AND MAY ACCEPT FOR MEMBERSHIP ANY  
 30 EMPLOYERS WITH MORE THAN 25 ELIGIBLE EMPLOYEES THAT OTHERWISE MEET THE REQUIREMENTS

1 FOR MEMBERSHIP. However, the voluntary purchasing pool may not exclude any ~~small~~ employers that  
2 otherwise meet the requirements for membership on the basis of claim experience or health status.

3 (3) It holds an open enrollment period at least once a year during which new members can join the  
4 voluntary purchasing pool.

5 ~~(4) It allows eligible employees and their dependents, upon initial enrollment and during subsequent~~  
6 ~~enrollment periods, to choose among disability insurance policies or contracts offered through the group.~~  
7 ~~Persons covered by a disability insurance policy or contract offered through the group that requires an~~  
8 ~~enrollment period in excess of 1 year are eligible to choose among available plans upon the completion of~~  
9 ~~the enrollment period.~~

10 ~~(5) (4)~~ It offers coverage under all plans offered through the group to eligible employees of member  
11 ~~small~~ employers and to the employees' dependents. Coverage may not be limited to certain employees of  
12 member small employers except as provided in 33-22-1811(3)(c).

13 ~~(6) (5)~~ It does not assume any risk or form self-insurance plans among its members.

14 ~~(7) (6)~~ (a) It has the option of using the following types of rating arrangements with the disability  
15 insurance policies, CERTIFICATES, or contracts:

16 (i) Disability insurance policies, CERTIFICATES, or contracts offered through the voluntary  
17 purchasing pool that rate each member ~~small~~ employer separately are subject to ~~the laws governing small~~  
18 ~~employer health insurance.~~ THE PROVISIONS OF THIS PART.

19 (ii) Disability insurance policies, CERTIFICATES, or contracts offered through the voluntary  
20 purchasing pool that rate the entire group as a whole must charge each insured person based on a  
21 community rate within the common group, adjusted for case characteristics as permitted by the laws  
22 governing group disability insurance.

23 (b) At its discretion, premiums may be paid to the disability insurance policies, CERTIFICATES, or  
24 contracts by the voluntary purchasing pool, by member ~~small~~ employers, or by eligible employees and their  
25 dependents.

26 ~~(8) It may not act as an agent or engage in any activities for which an insurance agent's license~~  
27 ~~is required.~~

28 (7) A PERSON MARKETING DISABILITY INSURANCE POLICIES, CERTIFICATES, OR CONTRACTS  
29 FOR A VOLUNTARY PURCHASING POOL MUST BE LICENSED AS AN INSURANCE PRODUCER.

30



## 1 HOUSE BILL NO. 405

2 INTRODUCED BY T. NELSON

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING THE FORMATION OF VOLUNTARY PURCHASING  
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16 (1) under a policy issued to an employer or trustees of a fund established by an employer, who  
17 ~~shall must be deemed~~ considered the policyholder, insuring employees of ~~such the~~ the employer for the benefit  
18 of persons other than the employer. The term "employees" as used ~~herein shall be deemed to include in~~ in  
19 this subsection includes the officers, managers, and employees of the employer, the individual proprietor  
20 or partner if the employer is an individual proprietor or partnership, the officers, managers, and employees  
21 of subsidiary or affiliated corporations, the individual proprietors, partners, and employees of individuals  
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24 include retired employees. A policy issued to insure employees of a public body may provide that the term  
25 "employees" ~~shall include~~ includes elected or appointed officials. The policy may provide that the term  
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 30 EMPLOYERS WITH MORE THAN 25 ELIGIBLE EMPLOYEES THAT OTHERWISE MEET THE REQUIREMENTS

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2 otherwise meet the requirements for membership on the basis of claim experience or health status.

3 (3) It holds an open enrollment period at least once a year during which new members can join the  
4 voluntary purchasing pool.

5 ~~(4) It allows eligible employees and their dependents, upon initial enrollment and during subsequent~~  
6 ~~enrollment periods, to choose among disability insurance policies or contracts offered through the group.~~  
7 ~~Persons covered by a disability insurance policy or contract offered through the group that requires an~~  
8 ~~enrollment period in excess of 1 year are eligible to choose among available plans upon the completion of~~  
9 ~~the enrollment period.~~

10 ~~(5) (4)~~ It offers coverage ~~under all plans offered through the group~~ to eligible employees of member  
11 ~~small~~ employers and to the employees' dependents. Coverage may not be limited to certain employees of  
12 member small employers except as provided in 33-22-1811(3)(c).

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14 ~~(7) (6)~~ (a) It has the option of using the following types of rating arrangements with the disability  
15 insurance policies, CERTIFICATES, or contracts:

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23 (b) At its discretion, premiums may be paid to the disability insurance policies, CERTIFICATES, or  
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25 dependents.

26 ~~(8) It may not act as an agent or engage in any activities for which an insurance agent's license~~  
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28 (7) A PERSON MARKETING DISABILITY INSURANCE POLICIES, CERTIFICATES, OR CONTRACTS  
29 FOR A VOLUNTARY PURCHASING POOL MUST BE LICENSED AS AN INSURANCE PRODUCER.

30



SENATE STANDING COMMITTEE REPORT

Page 1 of 2  
March 15, 1995

MR. PRESIDENT:

We, your Joint Select Committee on Health Care having had under consideration HB 405 (third reading copy -- blue), respectfully report that HB 405 be amended as follows and as so amended be concurred in.

Signed:   
Senator Steve Benedict, Chair

That such amendments read:

1. Title, line 5.

Following: ";"

Insert: "ASSIGNING THE COMMISSIONER OF INSURANCE CERTAIN DUTIES  
REGARDING VOLUNTARY PURCHASING POOLS;"

2. Page 3, line 1.

Following: "~~small~~"

Insert: "small"

3. Page 3, line 2.

Following: "experience"

Insert: ", occupation,"

4. Page 3, line 30.

Insert: "

NEW SECTION. Section 3. Commissioner powers and duties -- application for registration -- reporting insolvency. (1) The commissioner shall develop forms for registration of an organization as a voluntary purchasing pool.

(2) An organization seeking to be registered as a voluntary purchasing pool shall make application to the commissioner. The commissioner shall register an organization as a voluntary purchasing pool upon proof of fulfillment of the qualifications provided in [section 2].


(3) The voluntary purchasing pool shall provide an annual report and financial statement to the commissioner containing sufficient detail in order that the commissioner may determine whether:

(a) the operation of the voluntary purchasing pool is fiscally sound; and

(b) the voluntary purchasing pool is bearing any risk.

(4) The annual report of the voluntary purchasing pool must disclose its total administrative cost in the same manner and on the same basis as insurers.

(5) If an examination of the annual report and financial

  
SA

Amd. Coord.  
Sec. of Senate

SEN. JACOBSON  
Senator Carrying Bill

HB 405

SENATE

statement indicates that the voluntary purchasing pool fails to meet the qualifications of [section 2], the commissioner may suspend or revoke the registration of the voluntary purchasing pool. An action to suspend or revoke the registration of the voluntary purchasing pool is subject to the provisions of Title 2, chapter 4, part 6.

(6) If an examination of the annual report and financial statement indicates that the voluntary purchasing pool is insolvent, the commissioner shall maintain jurisdiction of the purchasing pool for the purposes of protecting the interests of the pool participants and the insurers writing the disability insurance."

Renumber: subsequent section

5. Page 4, line 1.  
Strike: "Section"  
Insert: "Sections"  
Following: "2"  
Insert: "and 3"  
Strike: "is"  
Insert: "are"

6. Page 4, line 3.  
Strike: "section"  
Insert: "sections"  
Following: "2"  
Insert: "and 3"

-END-

SENATE COMMITTEE OF THE WHOLE AMENDMENT

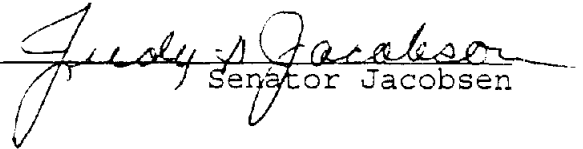
March 21, 1995 12:39 pm

Mr. Chairman: I move to amend HB 405 (third reading copy -- blue).

ADOPT J.V.

REJECT

Signed:

  
Senator Jacobsen

That such amendments read:

AMEND THE JOINT SELECT COMMITTEE ON HEALTH CARE COMMITTEE REPORT DATED MARCH 15, 1995, AS FOLLOWS:

1. Amendment #1.

Following: "POOLS;"

Insert: "PROVIDING GUIDELINES FOR COLLECTION OF CHARGES AND PREMIUMS;"

2. Amendment #4, Section 3.

Strike: subsections (3) through (6) in their entirety

Insert: "(3) On March 1 of each year, the voluntary purchasing pool shall provide a report and financial statement for the previous calendar year to the commissioner in order that the commissioner may determine:


(a) whether the operation of the voluntary purchasing pool is fiscally sound;

(b) whether the voluntary purchasing pool is bearing any risk; and

(c) the number of individuals covered.

(4) The annual report of the voluntary purchasing pool must disclose its total administrative cost.

NEW SECTION. Section 4. Collection of charges and premiums. (1) All insurance or premiums collected by a voluntary purchasing pool on behalf of or for an insurer and all return premiums received from the insurer are held by the voluntary purchasing pool in a fiduciary capacity. These funds must be remitted immediately to the person entitled to them or must be deposited promptly in a fiduciary bank account established and maintained by the administrator of the voluntary purchasing pool. If deposited charges or premiums are collected on behalf of or for more than one insurer, the voluntary purchasing pool shall either keep or require the bank in which the fiduciary account is maintained to keep records clearly recording the deposits to and withdrawals from the account on behalf of each insurer. The voluntary purchasing pool shall promptly obtain and keep copies of all these records and shall, upon request of an insurer,

 Amd. Coord.

HB 405  
SENATE

furnish the insurer with copies of the records pertaining to deposits and withdrawals on behalf of or for the insurer.

(2) The voluntary purchasing pool may not pay a claim by withdrawals from the fiduciary account. Withdrawals from the fiduciary account must be made, as provided in the written agreement between the voluntary purchasing pool and the insurer, for:

- (a) remittance to an insurer entitled to the remittance;
- (b) deposit in an account maintained in the name of the insurer;
- (c) payment to a group policyholder for remittance to the insurer entitled to the payment; or
- (d) remittance of return premiums to the person entitled to the premium."

6. Amendments #5 and #6

Strike: "and 3"

Insert: "through 4"

-END-

## HOUSE BILL NO. 405

INTRODUCED BY T. NELSON

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING THE FORMATION OF VOLUNTARY PURCHASING POOLS FOR ~~SMALL EMPLOYER~~ DISABILITY INSURANCE; ASSIGNING THE COMMISSIONER OF INSURANCE CERTAIN DUTIES REGARDING VOLUNTARY PURCHASING POOLS; PROVIDING GUIDELINES FOR COLLECTION OF CHARGES AND PREMIUMS; REVISING ASSOCIATIONS ELIGIBLE TO PURCHASE GROUP DISABILITY INSURANCE POLICIES; AND AMENDING SECTION 33-22-501, MCA."

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(1) under a policy issued to an employer or trustees of a fund established by an employer, who ~~shall must be deemed~~ considered the policyholder, insuring employees of ~~such~~ the employer for the benefit of persons other than the employer. The term "employees" as used ~~herein shall be deemed to include~~ in this subsection includes the officers, managers, and employees of the employer, the individual proprietor or partner if the employer is an individual proprietor or partnership, the officers, managers, and employees of subsidiary or affiliated corporations, the individual proprietors, partners, and employees of individuals and firms, if the business of the employer and ~~such~~ the individual or firm is under common control through stock ownership, contract, or otherwise. The term "employees" as used ~~herein~~ in this subsection may include retired employees. A policy issued to insure employees of a public body may provide that the term "employees" ~~shall include~~ includes elected or appointed officials. The policy may provide that the term "employees" ~~shall include~~ includes the trustees or their employees, or both, if their duties are principally connected with ~~such~~ the trusteeship.

(2) under a policy issued to an association, including a labor union, ~~which shall have a constitution~~



1 ~~and bylaws and which has been organized and is maintained in good faith for purposes other than that of~~  
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 13 if the employer is an individual proprietor or partnership. The term "employees" as used ~~herein~~ in this  
 14 subsection may include retired employees. The policy may provide that the term "employees" ~~shall include~~  
 15 includes the trustees or their employees, or both, if their duties are principally connected with ~~such the~~  
 16 trusteeship.

17 (4) under a policy issued to any person or organization to which a policy of group life insurance  
 18 may be issued or delivered in this state to insure any class or classes of individuals that could be insured  
 19 under ~~such a~~ group life policy;

20 (5) ~~under a policy issued to a voluntary purchasing pool of small employers~~ OR TO THE MEMBER  
 21 EMPLOYERS OF A VOLUNTARY PURCHASING POOL that is formed solely for the purpose of obtaining  
 22 insurance as provided in [section 2];

23 (6) under a policy issued to cover any other substantially similar group ~~which that~~, in the discretion  
 24 of the commissioner, may be subject to the issuance of a group disability policy or contract."  
 25

26 NEW SECTION. Section 2. Qualifications for voluntary purchasing pool ~~for small employers~~. A  
 27 voluntary purchasing pool of ~~small employers~~ DISABILITY INSURANCE PURCHASERS may be formed solely  
 28 for the purpose of obtaining disability insurance upon compliance with the following provisions:

29 (1) It contains at least ~~one thousand~~ 1,000 eligible employees.

30 (2) It establishes requirements for membership. THE VOLUNTARY PURCHASING POOL SHALL

1 ACCEPT FOR MEMBERSHIP ANY SMALL EMPLOYERS AND MAY ACCEPT FOR MEMBERSHIP ANY  
 2 EMPLOYERS WITH MORE THAN 25 ELIGIBLE EMPLOYEES THAT OTHERWISE MEET THE REQUIREMENTS  
 3 FOR MEMBERSHIP. However, the voluntary purchasing pool may not exclude any ~~small~~ SMALL employers  
 4 that otherwise meet the requirements for membership on the basis of claim experience, OCCUPATION, or  
 5 health status.

6 (3) It holds an open enrollment period at least once a year during which new members can join the  
 7 voluntary purchasing pool.

8 ~~(4) It allows eligible employees and their dependents, upon initial enrollment and during subsequent~~  
 9 ~~enrollment periods, to choose among disability insurance policies or contracts offered through the group.~~  
 10 ~~Persons covered by a disability insurance policy or contract offered through the group that requires an~~  
 11 ~~enrollment period in excess of 1 year are eligible to choose among available plans upon the completion of~~  
 12 ~~the enrollment period.~~

13 ~~(5)(4)~~ It offers coverage ~~under all plans offered through the group~~ to eligible employees of member  
 14 ~~small~~ employers and to the employees' dependents. Coverage may not be limited to certain employees of  
 15 member small employers except as provided in 33-22-1811(3)(c).

16 ~~(6)(5)~~ It does not assume any risk or form self-insurance plans among its members.

17 ~~(7)(6)~~ (a) It has the option of using the following types of rating arrangements with the disability  
 18 insurance policies, CERTIFICATES, or contracts:

19 (i) Disability insurance policies, CERTIFICATES, or contracts offered through the voluntary  
 20 purchasing pool that rate each member ~~small~~ employer separately are subject to ~~the laws governing small~~  
 21 ~~employer health insurance.~~ THE PROVISIONS OF THIS PART.

22 (ii) Disability insurance policies, CERTIFICATES, or contracts offered through the voluntary  
 23 purchasing pool that rate the entire group as a whole must charge each insured person based on a  
 24 community rate within the common group, adjusted for case characteristics as permitted by the laws  
 25 governing group disability insurance.

26 (b) At its discretion, premiums may be paid to the disability insurance policies, CERTIFICATES, or  
 27 contracts by the voluntary purchasing pool, by member ~~small~~ employers, or by eligible employees and their  
 28 dependents.

29 ~~(8) It may not act as an agent or engage in any activities for which an insurance agent's license~~  
 30 ~~is required.~~

1           (7) A PERSON MARKETING DISABILITY INSURANCE POLICIES, CERTIFICATES, OR CONTRACTS  
 2 FOR A VOLUNTARY PURCHASING POOL MUST BE LICENSED AS AN INSURANCE PRODUCER.

3  
 4           NEW SECTION. SECTION 3. COMMISSIONER POWERS AND DUTIES -- APPLICATION FOR  
 5 REGISTRATION -- REPORTING INSOLVENCY. (1) THE COMMISSIONER SHALL DEVELOP FORMS FOR  
 6 REGISTRATION OF AN ORGANIZATION AS A VOLUNTARY PURCHASING POOL.

7           (2) AN ORGANIZATION SEEKING TO BE REGISTERED AS A VOLUNTARY PURCHASING POOL  
 8 SHALL MAKE APPLICATION TO THE COMMISSIONER. THE COMMISSIONER SHALL REGISTER AN  
 9 ORGANIZATION AS A VOLUNTARY PURCHASING POOL UPON PROOF OF FULFILLMENT OF THE  
 10 QUALIFICATIONS PROVIDED IN [SECTION 2].

11           ~~(3) THE VOLUNTARY PURCHASING POOL SHALL PROVIDE AN ANNUAL REPORT AND FINANCIAL~~  
 12 ~~STATEMENT TO THE COMMISSIONER CONTAINING SUFFICIENT DETAIL IN ORDER THAT THE~~  
 13 ~~COMMISSIONER MAY DETERMINE WHETHER:~~

14           ~~(A) THE OPERATION OF THE VOLUNTARY PURCHASING POOL IS FISCALLY SOUND; AND~~

15           ~~(B) THE VOLUNTARY PURCHASING POOL IS BEARING ANY RISK.~~

16           ~~(4) THE ANNUAL REPORT OF THE VOLUNTARY PURCHASING POOL MUST DISCLOSE ITS TOTAL~~  
 17 ~~ADMINISTRATIVE COST IN THE SAME MANNER AND ON THE SAME BASIS AS INSURERS.~~

18           ~~(5) IF AN EXAMINATION OF THE ANNUAL REPORT AND FINANCIAL STATEMENT INDICATES~~  
 19 ~~THAT THE VOLUNTARY PURCHASING POOL FAILS TO MEET THE QUALIFICATIONS OF [SECTION 2], THE~~  
 20 ~~COMMISSIONER MAY SUSPEND OR REVOKE THE REGISTRATION OF THE VOLUNTARY PURCHASING~~  
 21 ~~POOL. AN ACTION TO SUSPEND OR REVOKE THE REGISTRATION OF THE VOLUNTARY PURCHASING~~  
 22 ~~POOL IS SUBJECT TO THE PROVISIONS OF TITLE 2, CHAPTER 4, PART 6.~~

23           ~~(6) IF AN EXAMINATION OF THE ANNUAL REPORT AND FINANCIAL STATEMENT INDICATES~~  
 24 ~~THAT THE VOLUNTARY PURCHASING POOL IS INSOLVENT, THE COMMISSIONER SHALL MAINTAIN~~  
 25 ~~JURISDICTION OF THE PURCHASING POOL FOR THE PURPOSES OF PROTECTING THE INTERESTS OF~~  
 26 ~~THE POOL PARTICIPANTS AND THE INSURERS WRITING THE DISABILITY INSURANCE.~~

27           (3) ON MARCH 1 OF EACH YEAR, THE VOLUNTARY PURCHASING POOL SHALL PROVIDE A  
 28 REPORT AND FINANCIAL STATEMENT FOR THE PREVIOUS CALENDAR YEAR TO THE COMMISSIONER  
 29 IN ORDER THAT THE COMMISSIONER MAY DETERMINE:

30           (A) WHETHER THE OPERATION OF THE VOLUNTARY PURCHASING POOL IS FISCALLY SOUND;

1 (B) WHETHER THE VOLUNTARY PURCHASING POOL IS BEARING ANY RISK; AND

2 (C) THE NUMBER OF INDIVIDUALS COVERED.

3 (4) THE ANNUAL REPORT OF THE VOLUNTARY PURCHASING POOL MUST DISCLOSE ITS TOTAL  
4 ADMINISTRATIVE COST.

5  
6 NEW SECTION. SECTION 4. COLLECTION OF CHARGES AND PREMIUMS. (1) ALL INSURANCE  
7 OR PREMIUMS COLLECTED BY A VOLUNTARY PURCHASING POOL ON BEHALF OF OR FOR AN INSURER  
8 AND ALL RETURN PREMIUMS RECEIVED FROM THE INSURER ARE HELD BY THE VOLUNTARY  
9 PURCHASING POOL IN A FIDUCIARY CAPACITY. THESE FUNDS MUST BE REMITTED IMMEDIATELY TO  
10 THE PERSON ENTITLED TO THEM OR MUST BE DEPOSITED PROMPTLY IN A FIDUCIARY BANK ACCOUNT  
11 ESTABLISHED AND MAINTAINED BY THE ADMINISTRATOR OF THE VOLUNTARY PURCHASING POOL.  
12 IF DEPOSITED CHARGES OR PREMIUMS ARE COLLECTED ON BEHALF OF OR FOR MORE THAN ONE  
13 INSURER, THE VOLUNTARY PURCHASING POOL SHALL EITHER KEEP OR REQUIRE THE BANK IN WHICH  
14 THE FIDUCIARY ACCOUNT IS MAINTAINED TO KEEP RECORDS CLEARLY RECORDING THE DEPOSITS  
15 TO AND WITHDRAWALS FROM THE ACCOUNT ON BEHALF OF EACH INSURER. THE VOLUNTARY  
16 PURCHASING POOL SHALL PROMPTLY OBTAIN AND KEEP COPIES OF ALL THESE RECORDS AND  
17 SHALL, UPON REQUEST OF AN INSURER, FURNISH THE INSURER WITH COPIES OF THE RECORDS  
18 PERTAINING TO DEPOSITS AND WITHDRAWALS ON BEHALF OF OR FOR THE INSURER.

19 (2) THE VOLUNTARY PURCHASING POOL MAY NOT PAY A CLAIM BY WITHDRAWALS FROM  
20 THE FIDUCIARY ACCOUNT. WITHDRAWALS FROM THE FIDUCIARY ACCOUNT MUST BE MADE, AS  
21 PROVIDED IN THE WRITTEN AGREEMENT BETWEEN THE VOLUNTARY PURCHASING POOL AND THE  
22 INSURER, FOR:

23 (A) REMITTANCE TO AN INSURER ENTITLED TO THE REMITTANCE;

24 (B) DEPOSIT IN AN ACCOUNT MAINTAINED IN THE NAME OF THE INSURER;

25 (C) PAYMENT TO A GROUP POLICYHOLDER FOR REMITTANCE TO THE INSURER ENTITLED TO  
26 THE PAYMENT; OR

27 (D) REMITTANCE OF RETURN PREMIUMS TO THE PERSON ENTITLED TO THE PREMIUM.

28  
29 NEW SECTION. Section 5. Codification instruction. (Section SECTIONS 2 AND 3 THROUGH 4)  
30 is ARE intended to be codified as an integral part of Title 33, chapter 22, part 5 18, and the provisions of

1 Title 33, chapter 22, part ~~5~~ 18, apply to ~~section~~ SECTIONS 2 AND 3 THROUGH 4].

2 -END-