

Senate Bill 156

By: Senator Shafer of the 48th

A BILL TO BE ENTITLED
AN ACT

1 To amend Chapter 24 of Title 33 of the Official Code of Georgia Annotated, relating to
2 insurance generally, so as to change the definition of insurable interest; to provide notice to
3 employees when an employer purchases life insurance on such employees; to provide an
4 opportunity for such employees to refuse to participate; to change the definition of employee;
5 to provide for related matters; to repeal conflicting laws; and for other purposes.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

7 **SECTION 1.**

8 Chapter 24 of Title 33 of the Official Code of Georgia Annotated, relating to insurance
9 generally, is amended by striking subsection (c) of Code Section 33-24-3, relating to
10 insurable interest with reference to personal insurance, and inserting a new subsection (c) to
11 read as follows:

12 "(c) A corporation, foreign or domestic, has an insurable interest in the life or physical or
13 mental ability of any of its directors, officers, or employees or the directors, officers, or
14 employees of any of its subsidiaries or any other person whose death or physical or mental
15 disability might cause financial loss to the corporation; or, pursuant to any contractual
16 arrangement with any shareholder concerning the reacquisition of shares owned by him or
17 her at the time of his or her death or disability, on the life or physical or mental ability of
18 that shareholder for the purpose of carrying out such contractual arrangement; or, pursuant
19 to any contract obligating the corporation as part of compensation arrangements or
20 pursuant to a contract obligating the corporation as guarantor or surety, on the life of the
21 principal obligor. The trustee of a trust established by a corporation for the sole benefit of
22 the corporation has the same insurable interest in the life or physical or mental ability of
23 any person as does the corporation. The trustee of a trust established by a corporation
24 providing life, health, disability, retirement, or similar benefits to employees of the
25 corporation or its affiliates and acting in a fiduciary capacity with respect to such
26 employees, retired employees, or their dependents or beneficiaries has an insurable interest

1 in the lives of employees for whom such benefits are to be provided. As used in this
 2 subsection, the term 'employee' shall include any and all directors, officers, employees, or
 3 retired employees, ~~or the dependents of such persons~~. The term 'employee' shall include
 4 any former employee, but only for the purpose of replacing existing life insurance that will
 5 be surrendered in exchange for new life insurance in an amount not exceeding the
 6 insurance being surrendered."

7 **SECTION 2.**

8 Said chapter is further amended by striking subsections (b) and (d) of Code Section 33-24-6,
 9 relating to consent of insured to insurance contract, and inserting in lieu thereof new
 10 subsections (b) and (d) to read as follows:

11 "(b)(1) If a contract of life insurance is issued as authorized in paragraph (1), (2), or (3)
 12 (4) or (5) of subsection (a) of this Code section, the insurer shall be required to give
 13 written notice of such life insurance in accordance with paragraph (3) of this subsection
 14 and provide the employees an opportunity to refuse to participate. For all contracts of life
 15 insurance issued or delivered for issuance in this state after July 1, 2003, pursuant to
 16 paragraph (4) or (5) of subsection (a) of this Code section, the written consent of each
 17 individual proposed to be insured shall be obtained prior to the issuance of a policy on
 18 such individual. Written consent shall include an acknowledgment that the corporation
 19 may maintain life insurance coverage on such individual after such individual's
 20 employment with the corporation has terminated.

21 (2) If a contract of life insurance is issued as authorized in paragraphs (1) or (2) of
 22 subsection (a) of this Code section, the insurer shall be required to give written notice of
 23 such life insurance in accordance with paragraph (3) of this subsection.

24 (3) At the time of the issuance or delivery of the contract of insurance, notice of the
 25 issuance of the policy shall be delivered to the insured in person or by depositing the
 26 notice in the United States mail, to be dispatched by at least first-class mail to the home,
 27 business, or other address of record of the insured. The insurer may obtain a receipt
 28 provided by the United States Postal Service as evidence of mailing such notice or obtain
 29 such other evidence of mailing as prescribed or accepted by the United States Postal
 30 Service. The insurer shall not be required to provide the notice set forth in this subsection
 31 with respect to any application for credit life insurance; any insured who is older than the
 32 age of majority and who has signed or otherwise acknowledged the application in
 33 writing; any application for insurance covering the life of a minor; or any application for
 34 a contract of life insurance with a face amount of less than \$10,000.00."

35 "(d) As used in paragraphs (4), (5), and (6) of subsection (a) of this Code section, the term
 36 'employee' shall include any and all directors, officers, employees, or retired employees;

1 ~~or the dependents of such persons.~~ The term 'employee' shall include any former
2 employee, but only for the purpose of replacing existing life insurance that will be
3 surrendered in exchange for new life insurance in an amount not exceeding the insurance
4 being surrendered."

5 **SECTION 3.**

6 All laws and parts of laws in conflict with this Act are repealed.