

House Bill 1380

By: Representatives Harbin of the 118th and Burkhalter of the 50th

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 provide that the state, and any political subdivision thereof, and
3 any public retirement system has an insurable interest in any individual who is an employee
4 of the state or political subdivision and in any individual who is a retired employee and a
5 member of a public retirement system in certain circumstances; to provide that the state, any
6 political subdivision, and public retirement system may effectuate insurance upon its
7 employees and its retired employees who are members of a public retirement system under
8 certain circumstances; to provide that an employee or returned employee may void such
9 insurance as to such employee or retired employee under certain circumstances; to provide
10 for related matters; to repeal conflicting laws; and for other purposes.

11 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

12 style="text-align:center">**SECTION 1.**

13 Chapter 24 of Title 33 of the Official Code of Georgia Annotated, relating to insurance
14 generally, is amended by revising Code Section 33-24-3, relating to insurable interests
15 relating to personal insurance, by redesignating subsection (k) as subsection (l) and adding
16 a new subsection (k) to read as follows:

17 "(k) The state, and any political subdivision thereof, including any county, municipality,
18 or local school district, and any public retirement system has an insurable interest in any
19 individual who is an employee of the state or political subdivision and in any individual
20 who is a retired employee and a member of a public retirement system when:

21 (1) The Governor, the governing authority of a political subdivision, or the trustees of
22 a public retirement system has accepted, in the same manner as a professional services
23 agreement, a request for proposal or otherwise and selects a qualified insurer to issue
24 such policies;

- 25 (2) The qualified insurer selected issues an individual life insurance policy to cover
 26 substantially all current employees, all retired employees who are members of a public
 27 retirement system, or an identifiable group of either;
 28 (3) The entire premiums for such policies are paid by the state, political subdivision, or
 29 public retirement system;
 30 (4) The beneficiary of a portion of the proceeds from such policy is a public retirement
 31 system designated by the state, political subdivision, or public retirement system;
 32 (5) The financing, if any, of any premiums is an obligation of the public retirement
 33 system; and
 34 (6) The policy is structured in such a manner that the death benefit expands annually so
 35 as to provide that the entity funding the policy shall, at the time the benefits are paid,
 36 recover the premiums paid plus a cost of money."

37 **SECTION 2.**

38 Said chapter is further amended by revising Code Section 33-24-6, relating to consent of
 39 insured to insurance contract, as follows:

40 "33-24-6.

41 (a) No life or accident and sickness insurance contract upon an individual, except a
 42 contract of group life insurance or of group or blanket accident and sickness insurance,
 43 shall be made or effectuated unless at the time of the making of the contract the individual
 44 insured, being of competent legal capacity to contract, applies for a life or accident and
 45 sickness insurance contract or consents in writing to the contract, except in the following
 46 cases:

- 47 (1) A spouse may effectuate insurance upon the other spouse;
 48 (2) Any person having an insurable interest in the life of a minor or any person upon
 49 whom a minor is dependent for support and maintenance may effectuate insurance upon
 50 the life of or pertaining to the minor;
 51 (3) An application for a family policy may be signed by either parent, by a stepparent,
 52 or by husband or wife;
 53 (4) A publicly owned corporation may effectuate insurance upon its employees in whom
 54 it has an insurable interest;
 55 (5) A corporation not described in paragraph (4) of this subsection may effectuate
 56 insurance upon its employees in whom it has an insurable interest, and a trustee of a trust
 57 established by a corporation providing life, health, disability, retirement, or similar
 58 benefits may effectuate insurance upon employees for whom such benefits are to be
 59 provided if the insurance contract or contracts held by such corporation or trustee cover
 60 at least two employees. For purposes of this paragraph, any employee of a group of

61 corporations consisting of a parent corporation and its directly or indirectly owned
62 subsidiaries shall be considered to be an employee of each corporation within that group;

63 or

64 (6) A corporation described in paragraph (4) or (5) of this subsection or the trustee of a
65 trust established by such corporation for its sole benefit may exchange any policy which
66 was issued to itself on the life of an employee or retiree of the corporation, or which was
67 issued to another corporation or the trustee of a trust established by such other
68 corporation for its sole benefit on the life of an employee or retiree of such other
69 corporation, and the exchanging corporation has acquired by purchase, merger, or
70 otherwise all or part of such other corporation's business for a new policy of insurance
71 on such individual's life issued to the exchanging corporation; or

72 (7) The state, and any political subdivision thereof, including any county, municipality,
73 or local school district, or public retirement system may effectuate insurance upon
74 employees of the state or political subdivision and retired employees of the state or
75 political subdivision who are members of a public retirement system when the beneficiary
76 to a portion of the benefits under the policy is a public retirement system.

77 (b)(1) If a contract of life insurance is issued as authorized in paragraph (4) or (5) of
78 subsection (a) of this Code section, the insurer shall be required to give written notice of
79 such life insurance in accordance with paragraph (3) of this subsection and provide the
80 employees an opportunity to refuse to participate. For all contracts of life insurance
81 issued or delivered for issuance in this state after July 1, 2003, pursuant to paragraph (4)
82 or (5) of subsection (a) of this Code section, the written consent of each individual
83 proposed to be insured shall be obtained prior to the issuance of a policy on such
84 individual. Written consent shall include an acknowledgment that the corporation may
85 maintain life insurance coverage on such individual after such individual's employment
86 with the corporation has terminated.

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

90 (3) At the time of the issuance or delivery of the contract of insurance, notice of the
91 issuance of the policy shall be delivered to the insured in person or by depositing the
92 notice in the United States mail, to be dispatched by at least first-class mail to the home,
93 business, or other address of record of the insured. The insurer may obtain a receipt
94 provided by the United States Postal Service as evidence of mailing such notice or obtain
95 such other evidence of mailing as prescribed or accepted by the United States Postal
96 Service. The insurer shall not be required to provide the notice set forth in this subsection
97 with respect to any application for credit life insurance; any insured who is older than the

98 age of majority and who has signed or otherwise acknowledged the application in
99 writing; any application for insurance covering the life of a minor; or any application for
100 a contract of life insurance with a face amount of less than \$10,000.00.

101 (c) If a contract of life insurance is issued as authorized in paragraph (7) of subsection (a)
102 of this Code section, any employee or retired employee may make a written objection to
103 the insurer within ten days after such policy is delivered to the state, political subdivision,
104 or public retirement system and, in such case, the policy shall be voided as to such
105 employee or retired employee.

106 ~~(c)~~(d) An insurer shall be entitled to rely upon all statements, declarations, and
107 representations made by an applicant for insurance relative to the insurable interest which
108 such applicant has in the insured; and no insurer shall incur any legal liability except as set
109 forth in the policy, by virtue of any untrue statements, declarations, or representations so
110 relied upon in good faith by the insurer.

111 ~~(d)~~(e) As used in paragraphs (4), (5), and (6) of subsection (a) of this Code section, the
112 term 'employee' shall include any and all directors, officers, employees, or retired
113 employees. The term 'employee' shall include any former employee, but only for the
114 purpose of replacing existing life insurance that will be surrendered in exchange for new
115 life insurance in an amount not exceeding the insurance being surrendered."

116

SECTION 3.

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