

FEB 8 1973

HOUSE FILE 156

Commerce, *pass 2/20*

Tofte, Chairman  
Griffie  
Brockett

By FREEMAN, EWING, OAKLEY,  
SCHROEDER and MENKE

*Sen Commerce 3/23 - S. do pass 4/18*

House File 156  
Curtis, Chairman  
Palmer  
Riley

Passed House, ~~\_\_\_\_\_~~ te 3-19-73 (541) Passed Senate, Date 6-21-73 (1939)

Vote: Ayes 88 Nays 7 Vote: Ayes 41 Nays 0

Approved 7-18-73

*Motion to reconsider filed 3-19, w. d. 3-21*  
*Passed House as amended by Senate*  
6-21-73 (2175)  
84-7

# A BILL FOR

1 An Act relating to the definition of employees eligible  
2 for group insurance.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

1 Section 1. Section five hundred nine point one (509.1),  
2 subsection one (1), paragraph a, Code 1973, is amended to read  
3 as follows:

4 a. The employees eligible for insurance under the policy  
5 shall be all of the employees of the employer, or all of any  
6 class or classes thereof determined by conditions pertaining  
7 to their employment. The policy may provide that the term  
8 "employees" shall include the employees of one or more sub-  
9 sidiary corporations, and partners of one or more affiliated  
10 corporations, proprietors or partnerships if the business of  
11 the employer and of such affiliated corporations, proprietors  
12 or partnerships is under common control through stock owner-  
13 ship, contract, or otherwise. The policy may provide that  
14 the term "employees" shall include the individual proprietor  
15 or partners if the employer is an individual proprietor or a  
16 partnership. The policy may provide that the term "employees"  
17 shall include retired employees. The policy may also provide  
18 that the term "employees" shall include the board of directors  
19 if the employer is a corporation.

20 Sec. 2. Section five hundred nine point one (509.1), sub-  
21 section five (5), paragraph a, Code 1973, is amended to read  
22 as follows:

23 a. The persons eligible for insurance shall be all of the  
24 employees of the employers or all of the members of the unions,  
25 or all of any class or classes thereof determined by conditions  
26 pertaining to their employment, or to membership in the unions,  
27 or both. The policy may provide that the term "employees" shall  
28 include the individual proprietor or partners if an employer is  
29 an individual proprietor or a partnership. The policy may  
30 provide that the term "employees" shall include the trustees or  
31 their employees, or both, if their duties are principally con-  
32 nected with such trusteeship. The policy may provide that the  
33 term "employees" shall include retired employees. The policy  
34 may also provide that the term "employees" shall include the board  
35 of directors if the employer is a corporation.

EXPLANATION

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29
- 30
- 31
- 32
- 33
- 34
- 35

This bill provides that members of the Board of Directors shall be included as employees if the employer is a corporation for group insurance purposes.

SENATE AMENDMENT TO HOUSE FILE 156

1 Amend House File 156 by adding the following new section after  
2 page 2, line 35:

3 Sec. \_\_\_\_\_. Section five hundred nine point three (509.3),  
4 Code 1973, is amended by adding the following new subsection:

5 NEW SUBSECTION. A provision that if the insurance on a  
6 person or insurance on a person and the person's dependents  
7 covered by the policy ceases because of termination of employ-  
8 ment or of membership in the class of classes eligible for  
9 coverage under the policies, such person, if enrolled under  
10 the group policy for ninety days, shall be entitled to have  
11 issued to him by the insurer without evidence of insurability  
12 an individual or family policy of hospital and medical expense  
13 insurance provided application for the individual or family  
14 policy is made and the first premium paid to the insurer,  
15 within thirty-one days after termination, and provided further  
16 that,

17 a. The individual or family policy shall provide insurance  
18 protection substantially similar both in type and level of  
19 coverage to that which ceases because of such termination,  
20 but the coverage shall not exceed that provided under the  
21 group policy.

22 b. The individual or family policy may, at the option of  
23 such person be on any one of the forms then customarily issued  
24 by the insurer at the age and for the benefits applied for.

25 c. The premium on the individual or family policy shall be  
26 at the insurer's customary rate applicable to that policy for  
27 a standard class of risk at the insured's attained age on the  
28 effective date of the policy.

29 d. Such employee is not then covered by another policy of  
30 hospital or surgical expense insurance providing similar bene-  
31 fits or is not covered by or eligible to be covered by a group  
32 contract or policy providing similar benefits or is not pro-  
33 vided with similar benefits required by any statute or provided  
34 by any welfare plan or program, which together with the con-  
35 verted policy would result in overinsurance or duplication of  
36 benefits.

37 e. The individual or family converted policy may include a  
38 provision whereby the insurer may request information at any  
39 premium due date of the policy of any person covered thereunder  
40 as to whether he is then covered by another policy of hospital  
41 or surgical expense insurance or hospital service or medical  
42 expense indemnity corporation subscriber contract providing  
43 similar benefits or is then covered by a group contract or  
44 policy providing similar benefits or is then provided with  
45 similar benefits required by any statute or provided by any  
46 welfare plan or program. If any such person is so covered or  
47 so provided and fails to furnish the details of such coverage  
48 when requested, the benefits payable under the converted  
49 policy may be based on the hospital, surgical or medical ex-  
50 penses actually incurred after excluding expenses to the ex-

51 tent they are payable under such other coverage or provided  
52 under such statute, plan or program.  
53 f. The conversion provision shall also be available (1)  
54 upon the death of the employee or member, as the case may be, to  
55 the surviving spouse with respect to such of the spouse and  
56 children as are then covered by the group policy, and shall be  
57 available to a child solely with respect to himself upon his  
58 attaining the limiting age of coverage under the group policy  
59 while covered as a dependent thereunder, and (2) upon the  
60 divorce or annulment of the marriage of the employee or  
61 member, as the case may be, to the divorced spouse, or former  
62 spouse in the event of annulment, of such employee or member.  
63 g. The effective date of the individual or family policy  
64 shall be the date on which coverage under the group policy  
65 ceases.

Received from the Senate and adopted  
June 21, 1973

*House concurred 6/21*

1 Amend House File 156 by adding the following new section after  
2 page 2, line 35:

3 "Sec. \_\_\_\_\_. Section five hundred nine point three (509.3), Code  
4 1973, is amended by adding the following new subsection:

5 NEW SUBSECTION. A provision that if the insurance on a  
6 person or insurance on a person and the person's dependents  
7 covered by the policy ceases because of termination of em-  
8 ployment or of membership in the class or classes eligible  
9 for coverage under the policies, such person, if enrolled  
10 under the group policy for ninety days, shall be entitled to  
11 have issued to him by the insurer without evidence of insur-  
12 ability an individual or family policy of hospital and medical  
13 expense insurance provided application for the individual or  
14 family policy is made and the first premium paid to the insur-  
15 or, within thirty-one days after termination, and provided  
16 further that,

17 a. The individual or family policy shall provide insurance  
18 protection substantially similar both in type and level of  
19 coverage to that which ceases because of such termination,  
20 but the coverage shall not exceed that provided under the  
21 group policy.

22 b. The individual or family policy may, at the option of  
23 such person be on any one of the forms then customarily issued  
24 by the insurer at the age and for the benefits applied for.

25 c. The premium on the individual or family policy shall be

Page 2

1 at the insurer's customary rate applicable to that policy for  
2 a standard class of risk at the insured's attained age on the  
3 effective date of the policy.

4 d. Such employee is not then covered by another policy of  
5 hospital or surgical expense insurance providing similar bene-  
6 fits or is not covered by or eligible to be covered by a group  
7 contract or policy providing similar benefits or is not pro-  
8 vided with similar benefits required by any statute or provided  
9 by any welfare plan or program, which together with the con-  
10 verted policy would result in overinsurance or duplication of  
11 benefits.

12 e. The individual or family converted policy may include a  
13 provision whereby the insurer may request information at any  
14 premium due date of the policy or any person covered thereunder  
15 as to whether he is then covered by another policy of hospital  
16 or surgical expense insurance or hospital service or medical  
17 expense indemnity corporation subscriber contract providing  
18 similar benefits or is then covered by a group contract or  
19 policy providing similar benefits or is then provided with  
20 similar benefits required by any statute or provided by any  
21 welfare plan or program. If any such person is so covered or  
22 so provided and fails to furnish the details of such coverage  
23 when requested, the benefits payable under the converted  
24 policy may be based on the hospital, surgical or medical ex-  
25 penses actually incurred after excluding expenses to the ex-

1 tent they are payable under such other coverage or provided  
2 under such statute, plan or program.  
3 f. The conversion provision shall also be available (1) upon  
4 the death of the employee or member, as the case may be, to the  
5 surviving spouse with respect to such of the spouse and chil-  
6 dren as are then covered by the group policy, and shall be  
7 available to a child solely with respect to himself upon his  
8 attaining the limiting age of coverage under the group policy  
9 while covered as a dependent thereunder, and (2) upon the  
10 divorce or annulment of the marriage of the employee or  
11 member, as the case may be, to the divorced spouse, or former  
12 spouse in the event of annulment, of such employee or member.  
13 g. The effective date of the individual or family policy  
14 shall be the date on which coverage under the group policy  
15 ceases."

S—806 Filed *Adopted 6/21*  
June 7, 1973

By HILL