Public Law 86-579

AN ACT

July 5, 1960
[H. R. 1844]

To amend the "Life Insurance Act" of the District of Columbia approved June 19, 1934, as amended by the Acts of July 2, 1940, and July 12, 1950.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 10(1) of chapter V of the Life Insurance Act, as amended (sec. 35–710(1), D.C. Code, 1951 edition), is amended (1) by striking out "twenty-five employees" in subsection (c) thereof, and inserting in lieu thereof "ten employees", and (2) by striking out the period at the end of subsection (d) thereof and adding the following: "unless 150 per centum of the annual compensation of a covered employee, exceeds $20,000, in which event all such insurance shall not exceed $40,000, or 150 per centum of such annual compensation, whichever is less."

Life Insurance Act, D. C. Group coverage. 64 Stat. 330.

SEC. 2. Section 10(3) of chapter V of the Life Insurance Act, as amended (sec. 35–710(3), D.C. Code, 1951 edition), is amended (1) by striking out the words "twenty-five members" in subsection (c) thereof and inserting in lieu thereof "ten members", and (2) by deleting "issued to the union" in the second sentence of subsection (d), and (3) by striking out the period at the end of subsection (d) thereof and adding the following: "unless 150 per centum of the annual compensation of a covered union member exceeds $20,000, in which event all such insurance shall not exceed $40,000, or 150 per centum of such annual compensation, whichever is less."

SEC. 3. Section 10(4) of chapter V of the Life Insurance Act, as amended (sec. 35–710(4), D.C. Code, 1951 edition), is amended by striking out the period at the end of subsection (d) thereof and adding the following: "unless 150 per centum of the annual compensation of a covered person exceeds $20,000, in which event all such insurance shall not exceed $40,000, or 150 per centum of such annual compensation, whichever is less."

SEC. 4. Section 10(5) of chapter V of the Life Insurance Act, as amended (sec. 35–710(5), D.C. Code, 1951 edition), is amended by striking out "fifty employees" and inserting in lieu thereof, "ten employees."

SEC. 5. Section 10 (generally) of chapter V of the Life Insurance Act, as amended (sec. 35–710, D.C. Code, 1951 edition), is amended by adding the following two new subsections, subsections 6 and 7:

"(6) A policy issued to an association whose eligible members have the same profession, trade, or occupation which has been organized and is maintained for purposes other than that of obtaining insurance, which shall be deemed the policyholder, to insure members, or employees of members, of such association for the benefit of persons other than the association, or any of its officials, representatives, or agents, subject to the following requirements:

Issuance to professional or trade associations.

"(a) The members or employees eligible for insurance under the policy shall be all the members, and all the employees of the members, of the association, or all of any class or classes thereof determined by conditions pertaining to their employment, or to membership in the association, or both.

Nondiscriminatory basis.

"(b) The premium for the policy shall be paid by the policyholder either wholly from the association's funds, or partly from such funds and partly from funds contributed by the insured members or employees specifically for their insurance, or from funds wholly contributed by the insured members or employees specifically

Payment of premiums.

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for their insurance. A policy on which any part or all of the premium is to be derived from funds contributed by the insured members or employees specifically for their insurance may be placed in force only if at least 60 per centum of the then eligible members or employees or a minimum of four hundred members or employees, whichever is less, excluding any as to whom evidence of individual insurability is not satisfactory to the insurer, elect to make the required contributions. A policy on which no part of the premium is to be derived from funds contributed by the insured members or employees specifically for their insurance must insure all eligible members or employees, or all except any as to whom evidence of individual insurability is not satisfactory to the insurer.

Minimum membership requirement.

"(c) The policy must cover at least twenty-five members or employees at date of issuance.

Policy selection and amount, limitation.

"(d) The amounts of insurance under the policy must be based on some plan precluding individual selection either by the members or employees, or by the association. No policy may be issued which provides term insurance on any association member or employee which, together with any other term insurance under any group life insurance policy or policies, exceeds $20,000, unless 150 per centum of the annual compensation of such person exceeds $20,000, in which event all such term insurance shall not exceed $40,000, or 150 per centum of such annual compensation, whichever is less.

Extension of coverage.

"(7) Any policy issued pursuant to this section, except a policy issued to a creditor pursuant to subsection (2) hereof, may be extended to insure the spouses and minor children of insured persons, or any class or classes thereof, subject to the following requirements:

Payment of premiums.

"(a) The premiums for the insurance shall be paid by the policyholder either from the policyholder's funds or from funds contributed by the insured person, or from both. If any part of the premium is to be derived from funds contributed by the insured persons, the insurance with respect to spouses and children may be placed in force only if at least 75 per centum of the then eligible employees or association 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 insured persons, all such eligible employees or association 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.

Maximum insurance.

"(b) The amounts of insurance under the policy must be based upon some plan precluding individual selection either by the insured persons or by the policyholder, and shall not exceed with respect to any spouse or child, 50 per centum of the insurance on the life of such insured person.

Conversion rights.

"(c) Upon termination of the insurance with respect to the spouse of any insured person by reason of such person's termination of employment or membership or death, the spouse insured pursuant to this section shall have the same conversion rights as to the insurance on his or her life as is provided for the insured person under section 11.

Exception.

"(d) Notwithstanding the provisions of section 11, only one certificate need be issued for delivery to an insured person if a statement concerning any dependent's coverage is included in such certificate."

Approved July 5, 1960.