

111TH CONGRESS  
1ST SESSION

# H. R. 3669

To prohibit employers from carrying life insurance policies on their rank  
and file employees.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 29, 2009

Mr. GUTIERREZ introduced the following bill; which was referred to the  
Committee on Education and Labor

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## A BILL

To prohibit employers from carrying life insurance policies  
on their rank and file employees.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Employer-Owned Life  
5 Insurance Limitation Act”.

6 **SEC. 2. PROHIBITION ON EMPLOYER-OWNED LIFE INSUR-**  
7 **ANCE OF MOST EMPLOYEES.**

8 (a) GENERAL PROHIBITION.—It shall be unlawful for  
9 any employer to carry an employer-owned life insurance

1 policy on any employee of such employer whose salary is  
2 less than \$1,000,000 per year.

3 (b) MANDATORY CANCELLATION.—It shall be unlaw-  
4 ful for any employer to carry an employer-owned life in-  
5 surance policy not prohibited by subsection (a) for any em-  
6 ployee after 30 days after such employee terminates em-  
7 ployment with such employer.

8 **SEC. 3. DISCLOSURE REQUIRED.**

9 Not later than 30 days after the date on which an  
10 employer purchases any employer-owned life insurance  
11 policy not prohibited by section 2(a), the employer shall  
12 provide to the employee who is the subject of the employer-  
13 owned life insurance policy a written notice that con-  
14 tains—

15 (1) a statement that the employer carries an  
16 employer-owned life insurance policy on the life of  
17 the employee;

18 (2) the identity of the insurance carrier of the  
19 policy;

20 (3) the benefit amount of the policy; and

21 (4) the name of the beneficiary of the policy.

22 **SEC. 4. CIVIL ACTION.**

23 Any employee who is the subject of an employer-  
24 owned life insurance policy carried by his or her employer  
25 in violation of section 2 (or the spouse or next of kin of

1 such an employee in the case of a deceased employee) may  
2 commence a civil action in an appropriate district court  
3 of the United States—

4 (1) to enjoin the employer from carrying such  
5 a policy; and

6 (2) to obtain damages in an amount that is the  
7 greater of \$500,000 or—

8 (A) in the case of a deceased employee, 3  
9 times the amount of any benefit paid or payable  
10 to the employer from the employer-owned life  
11 insurance policy; or

12 (B) in the case of an employee who has not  
13 died, 3 times the amount of any benefit that  
14 would be payable to the employer from the em-  
15 ployer-owned life insurance policy if the em-  
16 ployee had died on the day on which such ac-  
17 tion was commenced.

18 **SEC. 5. DEFINITIONS.**

19 As used in this Act—

20 (1) the terms “employer” and “employee” have  
21 the meaning given such terms in section 3 of the  
22 Fair Labor Standards Act of 1938 (29 U.S.C. 203);  
23 and

24 (2) the term “employer-owned life insurance  
25 policy” means a life insurance policy purchased by

1 an employer where the insured is an employee of the  
2 employer and the beneficiary is the employer.

3 **SEC. 6. GAO STUDY.**

4 The Comptroller General shall study the incidence of  
5 employers carrying employer-owned life insurance policies  
6 on their employees, the effect of this Act on such practices,  
7 and the number of actions brought under section 4 during  
8 the first 2-year period following the date of enactment of  
9 this Act. In conducting such a study, the Comptroller Gen-  
10 eral shall consult with the Internal Revenue Service re-  
11 garding information on such policies that has been re-  
12 ported to the Service. Upon conclusion of the study, the  
13 Comptroller General shall transmit to Congress a report  
14 assessing the efficacy of this Act in eliminating or limiting  
15 employer-owned life insurance policies.

16 **SEC. 7. EFFECTIVE DATE.**

17 This Act shall take effect 90 days after the date of  
18 its enactment.

19 **SEC. 8. CRIMINAL PENALTIES.**

20 Any employer who commits a violation of section 2(a)  
21 upon conviction thereof, shall be deemed guilty of a mis-  
22 demeanor and shall be fined \$500,000 and imprisoned for  
23 up to 1 year.

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