

Part 5 Group Life Insurance

31A-22-501 Eligible groups.

A group or blanket policy of life insurance may not be delivered in Utah unless the insured group:

- (1) falls within at least one of the classifications under Sections 31A-22-501.1 through 31A-22-509;
and
- (2) is formed for a reason other than the purchase of insurance.

Amended by Chapter 125, 2005 General Session

31A-22-501.1 Employer groups.

- (1) The lives of a group of individuals may be insured under a policy:
 - (a) issued as a policyholder, to:
 - (i) an employer; or
 - (ii) an employer sponsored trust for the benefit of the employer's employees;
 - (b) having an insurable interest as stated in Subsection 31A-21-104(3)(d); and
 - (c) subject to the requirement of Subsection 31A-21-104(3)(d)(v).
- (2) A policy issued under this section is not subject to:
 - (a) Section 31A-21-311; and
 - (b) Sections 31A-22-516 through 31A-22-522.

Amended by Chapter 263, 2008 General Session

31A-22-502 Employee groups.

- (1) As used in this section:
 - (a) "Employees" includes:
 - (i) for one or more affiliated corporations, proprietorships, or partnerships under common control, their:
 - (A) officers;
 - (B) managers;
 - (C) retired employees; and
 - (D) individual proprietors or partners; and
 - (ii) for a trusteeship, if their duties are primarily connected with the trusteeship:
 - (A) trustees;
 - (B) employees of trustees; or
 - (C) both Subsection (1)(a)(ii)(A) and (B).
 - (b) "Employer" includes a Utah public agency.
 - (c)
 - (i) "Utah public agency" means a public institution that:
 - (A) derives its authority from this state; and
 - (B) is not privately owned.
 - (ii) "Utah public agency" includes:
 - (A) a local political subdivision as defined in Section 11-14-102;
 - (B) the state;
 - (C) a department or agency of the state; and

- (D) all public educational institutions.
- (2) The lives of a group of individuals may be insured under a policy:
- (a) issued as policyholder, to:
 - (i) an employer; or
 - (ii) the trustees of a fund established by an employer;
 - (b) insuring employees of the employer for the benefit of persons other than the employer; and
 - (c) subject to the requirements of Subsections (3) through (5).
- (3)
- (a) All the employer's employees or all of any class of employees of the employer shall be eligible for insurance under the policy described in Subsection (2).
 - (b) A policy issued to insure the employees of a public body may include elected or appointed officials.
- (4) A Utah public agency may pay or authorize the payment out of the Utah public agency's corporate revenue, the premiums required to maintain the group insurance in force.
- (5)
- (a) The premiums for the policy described in Subsection (2) shall be paid by the policyholders:
 - (i) from the employer's funds;
 - (ii) funds contributed by the insured employees; or
 - (iii) both the funds described in Subsections (5)(a)(i) and (ii).
 - (b) Except as provided under Section 31A-22-512, a policy on which no part of the premium is contributed by the insured employees shall insure all eligible employees.

Amended by Chapter 105, 2005 General Session

31A-22-503 Labor union or similar employee organization groups.

The lives of a group of individuals may be insured under a policy issued to a labor union or similar employee organization as policyholder. This policy shall insure members of the union or organization for the benefit of persons other than the union or organization or of any of its officials, representatives, or agents, subject to the following requirements:

- (1) The members eligible for the insurance are all of the members or all of any classes of the members.
- (2) The premium for the policy shall be paid by the policyholder, either from funds of the union or organization, from funds contributed by the insured members specifically for their insurance, or from both. Except as provided under Section 31A-22-512, a policy on which no part of the premium is contributed by the insured members specifically for their insurance shall insure all eligible members.

Enacted by Chapter 242, 1985 General Session

31A-22-504 Trustee groups.

- (1) Group life insurance policies may be issued to:
 - (a) policyholders who are the trustees of a fund established by two or more employers, by one or more labor unions, or similar employee organizations, or by one or more employers and one or more labor unions or similar employee organizations, to insure employees of the employers or members of the unions or the organizations for the benefit of persons other than the employers, the unions, or the organizations; or
 - (b) notwithstanding Subsection 31A-22-501(2), a Taft Hartley trust created in accordance with Section 302(c)(5) of the Federal Labor Management Relations Act.

- (2) These policies are subject to the following requirements:
- (a) The persons eligible for insurance are all of the employees of the employers or all of the members of the unions or organizations, or all of any classes of employees or members. The policy may include retired employees, elected and appointed officials of a public agency if the employees of the agency are insured, and individual proprietors or partners who are employers. The policy may include the trustees or their employees, or both, if their duties are principally connected with the trusteeship.
 - (b) The premiums for the policy are paid by the policyholders from funds contributed by the employers, unions, or similar employee organizations, or from funds contributed by the insured persons, or any combination of these. Except as provided under Section 31A-22-512, a policy on which no part of the premium is contributed by the insured persons specifically for their insurance is required to insure all eligible persons.

Amended by Chapter 244, 2015 General Session

31A-22-505 Association groups.

A policy issued as policyholder to an association or to the trustees of a fund established, created, or maintained for the benefit of members of one or more associations with a minimum membership of 100 persons, a constitution and bylaws, and which has been in active existence for at least two years, is subject to the following requirements:

- (1) The policy may insure members and employees of the association, employees of the members, one or more of the preceding entities, or all of any classes of these named entities for the benefit of persons other than the employees' employer, or any officials, representatives, trustees, or agents of the employer or association.
- (2) The premiums shall be paid by the policyholder from funds contributed by the associations, by employer members, from funds contributed by the covered persons, or from any combination of these. Except as provided under Section 31A-22-512, a policy on which no part of the premium is contributed by the covered persons, specifically for their insurance, is required to insure all eligible persons.

Enacted by Chapter 242, 1985 General Session

31A-22-506 Creditor groups to insure debtors.

- (1) To insure debtors of a creditor, a group life insurance policy may be issued to a policyholder who is any of the following:
 - (a) the creditor;
 - (b) the creditor's parent holding company; or
 - (c) trustees or agents designated by two or more creditors.
- (2) A policy described in Subsection (1) is subject to the requirements of this Subsection (2).
 - (a)
 - (i) The persons eligible for insurance are:
 - (A) all of the debtors of the creditors; or
 - (B) all of any classes of debtors.
 - (ii) The policy may provide that "debtors" includes:
 - (A) borrowers of money, or purchasers or lessees of goods, services, property, rights, or privileges for which payment is arranged through a credit transaction; and
 - (B) the debtors of one or more affiliated corporations, proprietorships, or partnerships under common control with the policyholder.

- (b)
 - (i) The premiums shall be paid by the policyholder, from:
 - (A) the creditor's funds;
 - (B) charges collected from the insured debtors; or
 - (C) from both Subsections (2)(b)(i)(A) and (B).
 - (ii) Except as provided under Section 31A-22-512, a policy on which no part of the premium is contributed by insured debtors specifically for their insurance shall insure all eligible debtors.
- (c)
 - (i) To the extent of the creditor's interest, the insurance may be payable to the creditor or to any successor to the right, title, and interest of the creditor.
 - (ii) The payment shall reduce or extinguish the obligation of the debtor to the extent of the payment.
 - (iii) When the amount of insurance exceeds the debt, the excess is payable to a beneficiary other than the creditor named by the debtor, or to the debtor's estate.
- (d) Group policies issued under this section are not subject to Sections 31A-22-516 through 31A-22-521.

Amended by Chapter 125, 2005 General Session

31A-22-507 Credit union groups.

- (1) The lives of a group of individuals may be insured under a policy issued to a policyholder who is:
 - (a) a credit union; or
 - (b) trustees or agents designated by two or more credit unions.
- (2) A policy described in Subsection (1) shall insure members of a credit union for the benefit of persons other than:
 - (a) the credit union;
 - (b) trustees of the credit union;
 - (c) agents of the credit union; or
 - (d) an official of an entity described in Subsections (2)(a) through (c).
- (3) The policies are subject to the requirements of this Subsection (3).
 - (a) The persons eligible for insurance are:
 - (i) all of the members of the credit union; or
 - (ii) all of any classes of the members of the credit union.
 - (b) The premiums shall be paid by the policyholder. Except as provided in Section 31A-22-512, a policy on which no part of the premium is collected from the covered members specifically for their insurance shall insure all eligible members.
 - (c) A group policy issued under this section is not subject to Sections 31A-22-517 through 31A-22-521.

Amended by Chapter 125, 2005 General Session

31A-22-508 National Guard groups.

A policy of group life insurance may be issued on the lives of members of the Utah National Guard under Section 39-1-62.

Enacted by Chapter 242, 1985 General Session

31A-22-509 Commissioner's authority to approve other groups.

A policy may be issued to a group other than those specified under Sections 31A-22-502 through 31A-22-508, if specifically authorized by the commissioner and if granting the permission is not contrary to public policy. The commissioner may not grant permission to issue these types of policies unless the insurer demonstrates to the commissioner's satisfaction that the proposed group would be actuarially sound, would result in economies of acquisition and administration which justify a group rate, and would not present hazards of adverse selection. The premiums for the policy shall be paid by the policyholder, either from the policyholder's funds or from funds contributed by the covered persons, or from both. Premiums for the policy and any contributions by or on behalf of the insured persons shall be reasonable in relation to the benefits provided.

Enacted by Chapter 242, 1985 General Session

31A-22-510 Requirements for group life insurance delivered in another jurisdiction.

- (1) A Utah resident may not be enrolled in a policy of group life insurance delivered in another jurisdiction in violation of Subsection (2) or (3), notwithstanding any contrary provision in Subsection 31A-1-103(3).
- (2) Unless specifically authorized by the commissioner under Section 31A-22-509, coverage under a group life insurance policy delivered in another jurisdiction may not be initially provided to any person unless the policy conforms substantially to one of the types of groups specified under Sections 31A-22-502 through 31A-22-508.
- (3) Coverage may not be initially provided to any person in Utah under a group life policy issued in another jurisdiction by an insurer not authorized to engage in life insurance business in Utah unless the policyholder conforms substantially to the type of group specified under Section 31A-22-502, 31A-22-503, or 31A-22-504.

Amended by Chapter 116, 2001 General Session

31A-22-511 Dependents' coverage.

Any group life policy issued under Sections 31A-22-502 through 31A-22-505 or Section 31A-22-509 may insure the employees or members against loss due to the death of their spouses and dependent children, or any classes of the employees or members. The premiums for the insurance shall be paid by the policyholder from funds contributed by the person to whom the policy has been issued, from funds contributed by the covered persons, or from both. Except as provided under Section 31A-22-512, a policy on which no part of the premium for the dependent's coverage is contributed by the covered persons shall insure all insured persons, including their spouses and dependent or minor children.

Enacted by Chapter 242, 1985 General Session

31A-22-512 Individual insurability.

- (1) An insurer may exclude or limit the coverage under a group life policy on any person, including a group member's dependent, as to whom the evidence of individual insurability is not satisfactory to the insurer.
- (2) The group life insurance policy shall contain a provision setting forth the conditions, if any, under which the insurer reserves the right to require a person eligible for insurance to furnish satisfactory evidence to the insurer of the individual insurability as a condition to part or all of his coverage.

Enacted by Chapter 242, 1985 General Session

31A-22-513 Grace period.

- (1)
 - (a) Every group life insurance policy shall contain a provision that the policyholder is entitled to a grace period of not less than 31 days for the payment of any premium due except the first payment of premium.
 - (b) During the grace period described in Subsection (1)(a) the death benefit coverage continues in force, unless the policyholder gives the insurer written notice of discontinuance:
 - (i) in advance of the date of discontinuance; and
 - (ii) in accordance with the policy terms.
- (2) The policy may require the policyholder to pay the pro rata premium for the time the policy is in force during the grace period.

Amended by Chapter 114, 2000 General Session

31A-22-514 Incontestability.

The group life insurance policy shall contain a provision that the validity of the policy may not be contested, except for nonpayment of premiums, after it has been in force for two years from its date of issue. This provision shall also state that no statement made by any person insured under the policy relating to his insurability may be used in contesting the validity of the insurance with respect to which the statement was made after the insurance has been in force, prior to the contest, for a period of two years during the person's lifetime, nor may the statement be used unless it is contained in a written instrument signed by him. This type of provision does not preclude the assertion of defenses based upon provisions in the policy which relate to eligibility for coverage.

Enacted by Chapter 242, 1985 General Session

31A-22-515 Nonforfeiture.

If the group life insurance policy is not a term policy, it shall contain nonforfeiture provisions which the commissioner determines to be equitable to the insured persons and to the policyholder. The commissioner may not require that group life insurance policies contain the same nonforfeiture provisions which are required for individual life insurance policies.

Enacted by Chapter 242, 1985 General Session

31A-22-516 Payment of benefits.

Any sum which is due because of the death of the person insured is payable to the beneficiary designated by the insured person, unless the policy contains conditions providing that the beneficiary is a family member designated by the policy terms. The insurer may reserve in the policy the right, if there is no designated beneficiary living at the death of the person insured as to all or any part of the sum, to pay a part of the sum not exceeding \$5,000 to any person appearing to the insurer to be equitably entitled to that money by reason of having incurred expense for the maintenance, medical attention, or burial of the insured or for other reasons.

Enacted by Chapter 242, 1985 General Session

31A-22-517 Conversion on termination of eligibility.

- (1) A person is entitled to be issued by an insurer, without evidence of insurability, an individual policy of life insurance without accident and health or other supplementary benefits, if:
 - (a) any portion of insurance on a person covered by a policy ceases because of:
 - (i) termination of employment; or
 - (ii) termination of membership in the classes eligible for coverage;
 - (b) an application for the individual policy is made; and
 - (c) the first premium is paid to the insurer within 31 days after the termination described in Subsection (1)(a).
- (2) The individual policy described in Subsection (1) shall, at the option of the person entitled to the policy, be on any form then customarily provided by the insurer at the age and for the amount applied for, except that the group policy may exclude the option to elect:
 - (a) term insurance; or
 - (b) flexible premium insurance.
- (3)
 - (a) The individual policy described in Subsection (1) shall be for an amount equal to or, at the election of the person entitled, less than the life insurance that ceases because of the termination, less the amount of any group life insurance for which the person is eligible within 30 days after the termination.
 - (b) Any amount of insurance that matures on or before the termination, as an endowment payable to the person insured, is not included in the amount that is considered to cease because of the termination whether the endowment payment is in:
 - (i) one sum;
 - (ii) installments; or
 - (iii) the form of an annuity.
- (4) The premium on the individual policy described in Subsection (1) shall be at the insurer's customary rate at the time of termination, which is applicable to:
 - (a) the form and amount of the individual policy;
 - (b) the class of risk to which the person belonged when terminated from the group policy; and
 - (c) the age attained on the effective date of the individual policy.
- (5) Subject to the conditions of this section, the conversion privilege described in this section is available:
 - (a) to a surviving dependent, if any, at the death of the employee or member, with respect to the survivor's coverage under the group policy that terminates by reason of the death; and
 - (b) to the dependent of the employee or member upon termination of coverage of the dependent, while the employee or member remains insured, because the dependent ceases to be a qualified dependent under the group policy.

Amended by Chapter 175, 2006 General Session

31A-22-518 Conversion on termination of policy.

- (1) Subject to Subsection (2), if the group policy terminates or is amended to terminate the insurance of any class of covered persons, every insured person whose insurance terminates, including the insured dependent of a covered person who has been insured for at least five years prior to the termination date, is entitled to have the insurer issue to the person an individual policy of life insurance, subject to the conditions and limitations in Section 31A-22-517.

- (2) The group policy described in Subsection (1) shall provide that the amount of the individual policy may not be less than the smaller of:
- (a) the amount of the person's life insurance protection ceasing because of the termination or amendment of the group policy, less the amount of any life insurance for which the person is eligible under any group policy issued or reinstated by the same or another insurer within 30 days after the termination; or
 - (b) \$10,000.

Amended by Chapter 116, 2001 General Session

31A-22-519 Death pending conversion.

If a person insured under a group life insurance policy, or the insured dependent of that person, dies during the period of eligibility for conversion under Section 31A-22-517 or 31A-22-518 and before the individual policy becomes effective, the amount of life insurance to which the insured would have been entitled to have issued under the individual policy is payable as a claim under the group policy, whether or not application for the individual policy or the payment of the first premium has been made.

Amended by Chapter 319, 2013 General Session

31A-22-520 Continuation of coverage during total disability.

- (1) An insured person in a group life insurance policy may continue coverage during the total disability of the insured person or dependent by timely payment to the policyholder of that portion, if any, of the premium that would have been required on behalf of the insured person in the absence of total disability.
- (2) The continuation shall be on a premium paying basis until the earlier of:
- (a) six months from the date of total disability;
 - (b) approval by the insurer of continuation of the coverage under any disability provision the group insurance policy may contain; or
 - (c) the discontinuance of the group insurance policy.
- (3) If the group policy has a waiting period for an accident and health benefit, the continuation extends to the end of the waiting period, even if the group policy is otherwise discontinued.

Amended by Chapter 116, 2001 General Session

31A-22-521 Notice of right to convert under group policy.

Certificates of insurance evidencing coverage under a group life insurance policy shall prominently notify individuals of conversion rights and contain information concerning the time and manner in which conversion to an individual life insurance policy may be made.

Repealed and Re-enacted by Chapter 316, 1994 General Session

31A-22-522 Required provision for notice of termination.

- (1) A policy for group or blanket life insurance coverage issued or renewed after July 1, 2001, shall include a provision that obligates the policyholder to notify each employee or group member:
- (a) in writing;
 - (b) 30 days before the date the coverage is terminated; and
 - (c)

- (i) that the group or blanket life insurance coverage is being terminated; and
 - (ii) the rights the employee or group member has to convert coverage upon termination.
- (2) For a policy for group or blanket life insurance coverage described in Subsection (1), an insurer shall:
- (a) include a statement of a policyholder's obligations under Subsection (1) in the insurer's monthly notice to the policyholder of premium payments due; and
 - (b) provide a sample notice to the policyholder at least once a year.

Amended by Chapter 308, 2002 General Session