

## CHAPTER 557

S.B. No. 878

AN ACT

relating to group insurance definitions.

*Be it enacted by the Legislature of the State of Texas:*

SECTION 1. Subsection (a), Section 1, Article 3.51-6, Insurance Code, is amended to read as follows:

(a) Group accident and health insurance is hereby defined to be that form of accident, sickness, or accident and sickness insurance covering groups of persons as provided in Subdivisions (1) through (6) below:

(1) under a policy issued to an employer or trustees of a fund established by an employer, who shall be deemed the policyholder, insuring employees of such employer for the benefit of persons other than the employer. The term "employees" as used herein shall be deemed to include the officers, managers, and employees of the employer, the individual proprietor, or partner if the employer is an individual proprietor or partnership, the officers, managers, and employees of subsidiary or affiliated corporations, the individual proprietors, partners, and employees of individuals and firms, if the business of the employer and such individual or firm is under common control through stock ownership, contract, or otherwise, and retired employees. A policy issued to insure employees of a public body may provide that the term "employees" shall include elected or appointed officials. The policy may provide that the term "employees" shall include the trustees or their employees, or both, if their duties are principally connected with such trusteeship;

(2) under a policy issued to an association, including but not limited to a labor union or organizations of such unions, membership corporations organized or holding a certificate of authority under the Texas Non-Profit Corporation Act, and cooperatives and corporations subject to the supervision and control of the Farm Credit Administration of the United States of America, and which association shall have a constitution and bylaws, which has been organized and has had an active existence for at least two years, and which is maintained in good faith for purposes other than that of obtaining insurance, to insure members, employees, or employees of members (active and retired for the benefit of persons other than the association or its officers or trustees);

(3) under a policy issued to the trustees of a fund established by two or more employers in the same or related industry or by one or more labor unions or by one or more employers and one or more labor unions or by an association as defined in (2) above, which trustees shall be deemed the policyholder, to insure employees of the employers or members of the unions or such association, or employees or members of such association for the benefit of persons other than the employers or the unions or such association. The term "employees" as used herein may include the officers, managers, and employees of the employer, retired employees, and the individual proprietor or partners if the employer is an individual proprietor or partnership. The policy may provide that the term "employees" shall include the trustees or their employees, or both, if their duties are principally connected with such trusteeship;

(4) under a policy issued to any person or organization to which a policy of group life insurance may be issued or delivered in this state to insure any class or classes of individuals that could be insured under such group life policy;

(5) under a policy issued by an insurer to a trustee of a fund, which shall be deemed to be the policyholder, to insure former employees, former members, their spouses, former spouses, and their dependents, who were previously insured by such insurer under a policy issued to any of the groups provided for in this article;

(6) under a policy issued to cover any other [substantially similar] group [which, in the discretion of the commissioner of insurance, may be] subject to the following requirements:

*(A) No such group health insurance policy shall be delivered in this state unless the Commissioner of Insurance finds that:*

*(i) the issuance of such group policy is not contrary to the best interest of the public;*

*(ii) the issuance of the group policy would result in economies of acquisition or administration; and*

*(iii) the benefits are reasonable in relation to the premiums charged.*

*(B) No such group health insurance coverage may be offered in this state by an insurer under a policy issued in another state unless this state or another state having requirements substantially similar to those contained in Subparagraphs (i), (ii), and (iii) of Paragraph (A) of this subdivision has made a determination that such requirements have been met.*

*(C) The premium for the policy shall be paid either from the policyholder's funds or from funds contributed by the covered persons, or from both [issuance of a group accident and sickness policy or contract].*

SECTION 2. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed the Senate on May 7, 1987, by the following vote: Yeas 31, Nays 0. Passed the House on May 22, 1987, by a non-record vote.

Approved June 18, 1987.

Effective Aug. 31, 1987, 90 days after date of adjournment.