

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 704 Session of
1993INTRODUCED BY SCANLON, MUSTO, WILLIAMS, AFFLERBACH, SCHWARTZ,
O'PAKE, REIBMAN AND DAWIDA, MARCH 23, 1993SENATOR SCANLON, BANKING AND INSURANCE, AS AMENDED,
APRIL 27, 1993

AN ACT

1 Amending the act of May 11, 1949 (P.L.1210, No.367), entitled
2 "An act relating to group life insurance; describing
3 permitted policies and restrictions thereon, the premium
4 basis thereof and rights thereunder; limiting the amount of
5 such insurance; prescribing standard policy provisions; and
6 requiring notice of conversion privileges," further providing
7 for life insurance.

8 The General Assembly of the Commonwealth of Pennsylvania
9 hereby enacts as follows:

10 Section 1. Section 1(4) and (7) of the act of May 11, 1949
11 (P.L.1210, No.367), referred to as the Group Life Insurance
12 Policy Law, added October 5, 1978 (P.L.1059, No.247), are
13 amended and the section is amended by adding clauses to read:

14 Section 1. Types Permitted.--No policy of group life
15 insurance shall be delivered in this State unless it conforms to
16 one of the following descriptions and to the requirements as to
17 each set forth in sections two, three, four and five of this
18 act.

19 * * *

1 (4) A policy issued to the trustees of a fund established by
2 an insurer for two or more employers [in the same industry] or <—
3 by two or more employers in the same industry or by an insurer <—
4 for one or more labor unions, or by one or more labor unions or
5 by an insurer for one or more employers and one or more labor
6 unions or by one or more employers and one or more labor unions
7 or by an insurer for one or more associations meeting the
8 qualifications as defined in clause (5.1) or by one or more
9 associations meeting the qualifications as defined in clause
10 (5.1), which trustees shall be deemed the policyholder, to
11 insure employees of the employers or members of the unions or
12 such association for the benefit of persons other than the
13 employers or the unions or members, employees thereof, and
14 employees of the associations for the benefit of persons other
15 than the employers or the unions or the associations.

16 * * *

17 (5.1) A policy issued to an association, which shall have a
18 constitution and bylaws and which has been organized by other
19 than an insurer, is maintained in good faith for purposes other
20 than that of obtaining insurance, has been in active existence
21 for at least two years, operates from offices other than the
22 insurer's and is controlled by principals other than the
23 insurer's.

24 (5.2) A policy issued to a group, other than one described
25 in clauses (1) through (5.1), and under which the Insurance
26 Commissioner finds that:

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

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

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

3 * * *

4 (7) A policy issued in accordance with clause (1), (3), (4)
5 [or (5)], (5) or (5.1) may include provisions for the payment by
6 the insurer of life insurance benefits upon the death of the
7 spouse of the insured employe or member, and upon the death of
8 one or more of his or her children dependent upon him or her for
9 support and maintenance.[: Provided, however, That such

<—

10 insurance upon the life of the spouse shall not exceed ten
11 thousand dollars (\$10,000) or one-half of the amount of
12 insurance on the life of the insured employe or member as
13 provided in such policy, whichever is less, and such insurance
14 upon the life of each dependent child shall not exceed five
15 thousand dollars (\$5,000) or one-third of the amount of
16 insurance on the life of the insured employe or member as
17 provided in such policy, whichever is less.]

<—

18 Section 2. Section 2(2) and (4) of the act, amended March
19 23, 1972 (P.L.144, No.53), are amended to read:

20 Section 2. Policies Issued to Employers or Trustees of
21 Employer Funds.--A policy issued to an employer, or to the
22 trustees of a fund established by an employer, to insure
23 employes of the employer for the benefit of persons other than
24 the employer shall be subject to the following requirements:

25 * * *

26 (2) The premium for the policy shall be paid by the
27 policyholder, either wholly OR PARTIALLY from the employer's
28 funds or funds contributed by him, or [partly from such funds
29 and partly from funds contributed by the insured employes. No
30 policy may be issued on which the entire premium is to be

<—

1 derived from funds contributed by the insured employees] wholly
2 OR PARTIALLY from funds contributed by the insured employees ~~or~~ <—
3 ~~from both~~. [A policy on which part of the premium is to be <—
4 derived from funds contributed by the insured employees may be
5 placed in force only if at least ~~seventy-five~~ fifty per cent <—
6 of the then eligible employees, excluding any as to whom evidence
7 of individual insurability is not satisfactory to the insurer,
8 elect to make the required contributions.] A policy on which no <—
9 part of the premium is to be derived from funds contributed by
10 the insured employees must insure all eligible employees, or all
11 except any as to whom evidence of individual insurability is not
12 satisfactory to the insurer.

13 * * *

14 [(4) The amounts of insurance under the policy must be based
15 upon some plan precluding individual selection either by the
16 employees or by the employer or trustees.]

17 Section 3. Section 3(2), (3) and (4) of the act, amended
18 July 11, 1991 (P.L.86, No.19), are amended to read:

19 Section 3. Policies Issued to Creditors.--A policy issued to
20 a creditor to insure debtors of the creditor shall be subject to
21 the following requirements:

22 * * *

23 (2) The premium for the policy shall be paid by the
24 policyholder, either from the creditor's funds, or from charges
25 collected from the insured debtors, or from both. [A policy on
26 which part or all of the premium is to be derived from the
27 collection from the insured debtors of identifiable charges not
28 required of uninsured debtors shall not include, in the class or
29 classes of debtors eligible for insurance, debtors under
30 obligations outstanding at its date of issue without evidence of

1 individual insurability unless at least seventy-five per cent of
2 the then eligible debtors elect to pay the required charges.] A
3 policy on which no part of the premium is to be derived from the
4 collection of such identifiable charges must insure all eligible
5 debtors, or all except any as to whom evidence of individual
6 insurability is not satisfactory to the insurer.

7 [(3) The policy may be issued only if the group of eligible
8 debtors is then receiving new entrants at the rate of at least
9 one hundred persons yearly, or may reasonably be expected to
10 receive at least one hundred new entrants during the first
11 policy year, and only if the policy reserves to the insurer the
12 right to require evidence of individual insurability if less
13 than seventy-five per cent of the new entrants become insured.]

14 (4) The amount of insurance on the life of any debtor shall
15 at no time exceed the amount owed by him which is repayable in
16 installments to the creditor†, or one hundred thousand dollars <—
17 (\$100,000), whichever is less†. <—

18 * * *

19 Section 4. Section 4(2) and (4) of the act, amended July 31,
20 1968 (P.L.939, No.287) and March 23, 1972 (P.L.144, No.53), are
21 amended to read:

22 Section 4. Policies Issued to Labor Unions, Credit Unions,
23 Police Fraternities, Firemen's Fraternities or Teachers'
24 Associations or Federations.--A policy issued to a labor union,
25 a credit union, a police fraternity, a firemen's fraternity or a
26 teachers' association or federation, to insure members of such
27 union, fraternity, association or federation for the benefit of
28 persons other than the union, fraternity or federation or any of
29 its officials, representatives or agents, shall be subject to
30 the following requirements:

1 * * *

2 (2) The premium for the policy shall be paid by the
3 policyholder, either wholly OR PARTIALLY from the union's funds, <—
4 the fraternity's funds, association's funds or federation's
5 funds, or [partly from such funds and partly from funds
6 contributed by the insured members specifically for their
7 insurance. No policy may be issued on which the entire premium
8 is to be derived from funds contributed by the insured members
9 specifically for their insurance. A policy on which part of the
10 premium is to be derived from funds contributed by the insured
11 members specifically for their insurance may be placed in force
12 only if at least seventy-five per cent of the then eligible
13 members, excluding any as to whom evidence of individual
14 insurability is not satisfactory to the insurer, elect to make
15 the required contributions.] wholly OR PARTIALLY from funds <—
16 contributed by the insured members ~~or from both.~~ A policy on <—
17 which no part of the premium is to be derived from funds
18 contributed by the insured members specifically for their
19 insurance must insure all eligible members, or all except any as
20 to whom evidence of individual insurability is not satisfactory
21 to the insurer.

22 * * *

23 [(4) The amounts of insurance under the policy must be based
24 upon some plan precluding individual selection either by the
25 members or by the union, fraternity, association or federation.]

26 Section 5. Section 5 of the act, amended March 23, 1972
27 (P.L.144, No.53) and December 10, 1974 (P.L.901, No.296), is
28 amended to read:

29 Section 5. Policies Issued to Trustees of Joint Funds.--A
30 policy issued to the trustees of a fund established by an

1 insurer for two or more employers [in the same industry] or by <—
2 two or more employers in the same industry or by an insurer for <—
3 one or more labor unions, or by one or more labor unions or by
4 an insurer for one or more employers and one or more labor
5 unions, or by one or more employers and one or more labor unions
6 or by an insurer for one or more associations meeting the
7 qualifications as defined in clause (5.1) of section 1, or by
8 one or more associations meeting the qualifications as defined
9 in clause (5.1) of section 1, to insure employees of the
10 employers or members of the unions or members, employees thereof,
11 and employees of the associations for the benefit of persons
12 other than the employers or the unions, or such associations,
13 shall be subject to the following requirements:

14 (1) The persons eligible for insurance shall be all of the
15 employees of the employers or all of the members of the unions,
16 or members, employees thereof, and employees of the associations
17 or all of any class or classes thereof determined by conditions
18 pertaining to their employment, or to membership in the unions
19 or associations, or to both. The policy may provide that the
20 term "employees" shall include retired employees, and the
21 individual proprietor or partners if an employer is an
22 individual proprietor or a partnership. The policy may provide
23 that the term "employees" shall include the trustees or their
24 employees, or both, if their duties are principally connected
25 with such trusteeship.

26 (2) The premium for the policy shall be paid by the trustees
27 wholly from funds contributed by the employer or employers of
28 the insured persons, or by the union or unions, or by the
29 associations, or by both, or partly from such funds and partly
30 from funds contributed by the insured persons. [A policy on

1 which part of the premium is to be derived from funds
2 contributed by the insured persons specifically for their
3 insurance may be placed in force only if at least seventy-five
4 per cent of the then eligible persons, excluding any as to whom
5 evidence of insurability is not satisfactory to the insurer,
6 elect to make the required contributions.] A policy on which no
7 part of the premium is to be derived from funds contributed by
8 the insured persons specifically for their insurance must insure
9 all eligible persons, or all except any as to whom evidence of
10 individual insurability is not satisfactory to the insurer.

11 [(3) The policy must cover at date of issue at least one
12 hundred persons and not less than an average of five persons per
13 employer unit; and if the fund is established by the members of
14 an association of employers the policy may be issued only if (i)
15 either (a) the participating employers constitute at date of
16 issue at least sixty per cent of those employer members whose
17 employes are not already covered for group life insurance or (b)
18 the total number of persons covered at date of issue exceeds six
19 hundred; and (ii) the policy shall not require that, if a
20 participating employer discontinues membership in the
21 association, the insurance of his employes shall cease solely by
22 reason of such discontinuance.

23 (4) The amounts of insurance under the policy must be based
24 upon some plan precluding individual selection either by the
25 insured persons or by the policyholder, employers, or unions.]

26 Section 6. The act is amended by adding sections to read:

27 Section 5.1. Policies Issued to Associations.--A policy
28 issued to an association, which shall have a constitution and
29 bylaws and which has been organized by other than an insurer, is
30 maintained in good faith for purposes other than that of

obtaining insurance, has been in active existence for at least two years, operates from offices other than the insurer's and is controlled by principals other than the insurer's, shall be subject to the following requirements:

(1) The persons eligible for insurance shall be all of the members of the association, employes thereof, or employes of members of the preceding or all of any class or classes for the benefit of persons other than the association.

(2) The premium for the policy shall be paid by the policyholder either wholly from funds contributed by the association or by employer members, or by both, or wholly from funds contributed by the insured persons or partly from such funds and partly from funds contributed by the association or employer member. A policy on which no part of the premium is to be derived from funds contributed by the insured persons must insure all eligible persons, or all except any as to whom evidence of individual insurability is not satisfactory to the insurer.

~~(3) At the date of issue, the policy must cover at least twenty five members, employes, or employes of members.~~

Section 5.2. Policies Issued to Other Groups.--A policy issued to a group, other than one described in clauses (1) through (5.1) of section 1, and which meets the requirements of clause (5.2) of section 1, shall also meet the requirements of this section. The premium for the policy shall be paid by the policyholder either wholly from the policyholder's funds or funds contributed by the policyholder, or wholly from funds contributed by the insured persons, or both. A policy on which no part of the premium is to be derived from funds contributed by the insured persons must insure all eligible persons, or all

<—

1 except any as to whom evidence of individual insurability is not
2 satisfactory to the insurer.

3 Section 7.2. Out-of-State Coverage.--(a) No insurer shall
4 issue in this Commonwealth group life insurance coverage
5 provided under a group policy issued in another state or deliver
6 or issue for delivery in this Commonwealth a certificate of
7 group life insurance evidencing coverage under a group policy
8 issued in another state unless such coverage is in compliance <—
9 with the requirements of this act or any other applicable act.

10 The UNLESS: <—

11 (1) SUCH COVERAGE IS IN COMPLIANCE WITH THE REQUIREMENTS OF
12 THIS ACT AND ANY OTHER APPLICABLE ACT; OR

13 (2) FOR COVERAGE UNDER A GROUP POLICY OR A CERTIFICATE
14 EVIDENCING COVERAGE UNDER A GROUP POLICY ISSUED TO AN OUT-OF-
15 STATE TRUSTEE OF A FUND, SUCH COVERAGE IS ISSUED IN ANOTHER
16 STATE WHEREIN THE INSURANCE SUPERVISORY OFFICIAL OR AGENCY OF
17 THAT STATE HAS DETERMINED THAT THE ISSUANCE OF THE GROUP POLICY
18 OR CERTIFICATE IS NOT CONTRARY TO THE BEST INTERESTS OF THE
19 GENERAL PUBLIC, THE ISSUANCE OF THE GROUP POLICY OR CERTIFICATE
20 WOULD RESULT IN ECONOMIES OF ACQUISITION OR ADMINISTRATION AND
21 THE BENEFITS ARE REASONABLE IN RELATION TO THE PREMIUM CHARGED.
22 IF COVERAGE OR A CERTIFICATE IS ISSUED IN THIS COMMONWEALTH
23 PURSUANT TO THIS CLAUSE, AN INSURER SHALL FILE WITH THE
24 INSURANCE DEPARTMENT A COPY OF THE GROUP POLICY AND CERTIFICATE,
25 A COPY OF THE STATUTE FROM THE STATE IN WHICH THE GROUP POLICY
26 OR CERTIFICATE IS ISSUED AUTHORIZING THE ISSUANCE OF THE GROUP
27 POLICY OR CERTIFICATE, EVIDENCE OF APPROVAL IN THE STATE WHERE
28 THE POLICY OR CERTIFICATE IS ISSUED AND COPIES OF ALL SUPPORTIVE
29 MATERIAL USED BY THE COMPANY TO SECURE APPROVAL OF THE GROUP
30 POLICY OR CERTIFICATE IN THAT STATE, INCLUDING ALL THE

DOCUMENTATION REQUIRED IN THIS CLAUSE. THE INSURANCE
COMMISSIONER, AT ANY TIME SUBSEQUENT TO RECEIPT OF SUCH
INFORMATION, AFTER FINDING THAT THE STANDARDS OF THIS CLAUSE
HAVE NOT BEEN MET, MAY ORDER THE INSURER TO STOP MARKETING SUCH
COVERAGE IN THIS COMMONWEALTH.

(I) THIS CLAUSE SHALL APPLY TO ANY GROUP POLICY OR
CERTIFICATE EVIDENCING COVERAGE UNDER A GROUP POLICY ISSUED TO
ANY ORGANIZATION, OR TO ANY TRUST OR TRUSTEE OF A TRUST
ESTABLISHED OR PARTICIPATED IN BY ONE OR MORE ORGANIZATIONS, TO
INSURE CERTAIN PERSONS: PROVIDED, HOWEVER, THAT THE ORGANIZATION
MUST BE:

(A) A BANK, RETAILER OR OTHER ISSUER OF A CREDIT CARD,
CHARGE CARD OR PAYMENT CARD THAT IS ISSUED TO BUY GOODS OR
SERVICES, AND THE POLICY MUST INSURE HOLDERS OF THAT CARD; OR

(B) A BANK, SAVINGS AND LOAN ASSOCIATION, CREDIT UNION,
MUTUAL FUND, MONEY MARKET FUND, STOCK BROKER OR OTHER SIMILAR
FINANCIAL INSTITUTION REGULATED BY STATE OR FEDERAL LAW, AND THE
POLICY MUST INSURE THE DEPOSITORS, ACCOUNT HOLDERS OR MEMBERS OF
THAT INSTITUTION.

(II) THIS CLAUSE SHALL NOT APPLY TO ANY GROUP POLICY OR
CERTIFICATE PROVIDING CREDIT LIFE INSURANCE AS DEFINED IN THE
ACT OF SEPTEMBER 2, 1961 (P.L.1232, NO.540), KNOWN AS THE "MODEL
ACT FOR THE REGULATION OF CREDIT LIFE INSURANCE AND CREDIT
ACCIDENT AND HEALTH INSURANCE."

(B) THE provisions of this act shall not apply if a group
policy is issued to:

~~(1) An out of State trustee of a fund where Commonwealth~~ <—
~~residents shall not at any time comprise twenty five per cent or~~
~~more of the total certificate holders, or where Commonwealth~~
~~residents shall not at any time comprise the largest share of~~

1 ~~the total certificate holders, whichever is less.~~

2 ~~(2) (1) An out-of-State single employer.~~ <—

3 ~~(3) (2) A trustee of a fund established by any person acting~~ <—
4 ~~directly as an employer having its principal office located in a~~
5 ~~state other than this Commonwealth.~~

6 ~~(4) An association, organized or domiciled in a state other~~ <—
7 ~~than this Commonwealth, which has a constitution and bylaws, has~~
8 ~~been organized by other than an insurer, is maintained in good~~
9 ~~faith for purposes other than that of obtaining insurance, has~~
10 ~~been in active existence for at least two years, operates from~~
11 ~~offices other than the insurer's, and is controlled by~~
12 ~~principals other than the insurer's.~~

13 ~~(3) AN ASSOCIATION, OR A TRUST OR TRUSTEE OF A TRUST~~ <—
14 ~~ESTABLISHED OR PARTICIPATED IN BY ONE OR MORE ASSOCIATIONS, TO~~
15 ~~INSURE ASSOCIATION MEMBERS OR SPOUSES OR DEPENDENTS OF MEMBERS:~~
16 ~~PROVIDED, HOWEVER, THAT THE ASSOCIATION MUST BE ORGANIZED OR~~
17 ~~DOMICILED IN A STATE OTHER THAN THIS COMMONWEALTH, HAVE A~~
18 ~~CONSTITUTION AND BYLAWS, BE ORGANIZED BY OTHER THAN AN INSURER,~~
19 ~~BE MAINTAINED IN GOOD FAITH FOR PURPOSES OTHER THAN THOSE OF~~
20 ~~OBTAINING INSURANCE, HAVE BEEN IN ACTIVE EXISTENCE FOR AT LEAST~~
21 ~~TWO YEARS, OPERATE FROM OFFICES OTHER THAN THE INSURER'S AND BE~~
22 ~~CONTROLLED BY PRINCIPALS OTHER THAN THE INSURER'S.~~

23 ~~(5) (4) A union-negotiated out-of-State trust.~~ <—

24 ~~(6) (5) Other groups as may be determined by the Insurance~~ <—
25 ~~Commissioner at his discretion., SUBJECT TO SUBSECTION (A).~~ <—

26 ~~(b) (1) Clause (1) of subsection (a) shall apply only if~~ <—
27 ~~the insurer supplies to the Insurance Commissioner certification~~
28 ~~as to its insured trusts and, for each trust, the percentage of~~
29 ~~Commonwealth certificate holders or the number of Commonwealth~~
30 ~~certificate holders compared to the total number of certificate~~

1 ~~holders.~~

2 ~~(2) The initial certification shall be supplied no later~~
3 ~~than the effective date of this section, and thereafter, no~~
4 ~~later than by March 1 of each year. The certification shall be~~
5 ~~filed along with the annual statement but shall not be made a~~
6 ~~part thereof.~~

7 ~~(c) (1) All FOR GROUP LIFE INSURANCE COVERAGE PROVIDED IN~~ <—
8 ~~THIS COMMONWEALTH UNDER A GROUP POLICY ISSUED IN ANOTHER STATE,~~
9 ~~AND EXCEPT AS PROVIDED IN CLAUSE (2) OF SUBSECTION (A) AND~~
10 ~~SUBSECTION (B), ALL group policies, certificates, amendments,~~
11 ~~endorsements and enrollment forms shall be filed with the~~
12 ~~Insurance Commissioner for approval. The insurer shall also file~~
13 ~~with the Insurance Commissioner evidence of approval in the~~
14 ~~state where the group policy is issued.~~

15 ~~(2) Forms so filed for approval shall be deemed approved at~~ <—
16 ~~the expiration of sixty days after filing, unless earlier~~
17 ~~approved or disapproved by the Insurance Commissioner. The~~
18 ~~Insurance Commissioner, by written notice to the insurer, may~~
19 ~~within such sixty day period extend the period for approval or~~
20 ~~disapproval for an additional sixty days.~~

21 ~~(3) Such approval shall become void upon any subsequent~~
22 ~~notice of disapproval from the Insurance Commissioner, or upon~~
23 ~~any subsequent withdrawal of license or refusal of the Insurance~~
24 ~~Commissioner to relicense any such company, association, or~~
25 ~~exchange, or upon the subsequent passage of an act which would~~
26 ~~no longer make such contracts a fit subject for approval, except~~
27 ~~that this provision shall not affect contracts issued prior~~
28 ~~thereto.~~

29 ~~(4) Upon any disapproval, the Insurance Commissioner shall~~
30 ~~notify the insurer in writing, specifying the reason for such~~

~~disapproval; and within thirty days from the date of mailing
such notice to the insurer, the insurer may make written
application to the Insurance Commissioner for a hearing thereon.
The hearing shall be scheduled within a reasonable period of
time following receipt of the application. The procedure before
the Insurance Commissioner shall be in accordance with 2 Pa.C.S.
(relating to administrative law and procedure) and the insurer
shall be entitled to the judicial review as provided for in that
title.~~

~~(5) Upon satisfactory evidence of the violation of this
section by any such person, corporation, insurance company,
exchange, order or society, the Insurance Commissioner may, in
his discretion, pursue any one or more of the following courses
of action:~~

~~(i) Suspend or revoke the license of such offending person,
corporation, insurance company, exchange, order or society.~~

~~(ii) Refuse, for a period not to exceed the year thereafter,
to issue a new license to such person, corporation, insurance
company, exchange, order or society.~~

~~(iii) Impose a civil penalty of not more than one thousand
dollars (\$1,000) for each violation of this subsection.~~

~~(2) FORMS SO FILED FOR APPROVAL SHALL BE SUBJECT TO THE
PROVISIONS OF SECTION 354 OF THE ACT OF MAY 17, 1921 (P.L.682,
NO.284), KNOWN AS "THE INSURANCE COMPANY LAW OF 1921."~~

~~(d) As used in this section, the term "out-of-State single
employer" means any person acting directly as an employer and
having its principal office located in a state other than this
Commonwealth. "Out-of-State trustee of a fund" means a trustee
of a fund established by an insurer for TWO OR MORE EMPLOYERS or
established by two or more persons acting directly as employers~~

~~in the same industry~~ and the trustee having its principal office
located in a state other than this Commonwealth. "Out-of-State
coverage" means insurance coverage issued in this Commonwealth
and provided under a group policy issued in a state other than
this Commonwealth. A "union-negotiated out-of-State trust" means
a trust established under a collective bargaining agreement and
which is located in a state other than this Commonwealth.

Section 7.3. Notice of Compensation.--(a) In the case of a
policy issued TO A GROUP DESCRIBED IN CLAUSE (5.1) OR (5.2) OF
SECTION 1 on a group basis, if compensation of any kind will or
may be paid to a policyholder or sponsoring or endorsing entity,
the insurer shall cause to be distributed to prospective
insureds in a written notice that compensation will or may be
paid.

(b) Such notice shall be distributed:

(1) whether compensation is direct or indirect; and

(2) whether such compensation is paid to or retained by the
policyholder or sponsoring or endorsing entity, or paid to or
retained by a third party at the direction of the policyholder
or sponsoring or endorsing entity, or any entity affiliated
therewith by way of ownership, contract, or employment.

(c) The notice required by this section shall be placed on
or accompany any application or enrollment form provided to
prospective insureds.

(d) As used in this section, a "sponsoring or endorsing
entity" means an organization which has arranged for the
offering of a program of insurance in a manner which
communicates that eligibility for participation in the program
is dependent upon affiliation with such organization or that it
encourages participation in the program.

Section 7. Section 8 of the act is repealed.

Section 8. The act is amended by adding sections to read:

Section 8.1. Policy and Certificate Issued Prior to the Effective Date.--The provisions of this amendatory act shall not invalidate or otherwise affect any group policy legally issued prior to the effective date of this section or certificate in effect prior to the effective date of this section. All such group policies or certificates may remain in full force and effect until three years after the effective date of this section is enacted, notwithstanding the fact that they do not comply with the provisions of this act.

Section 8.2. Newly Issued Group Policy.--Any group policy issued on or after the effective date of this section shall comply with the provisions of this act.

Section 8.3. Newly Issued Certificate Under Policy Issued Prior to the Effective Date.--Certificates issued on or after the effective date of this section under a group policy legally issued prior to the effective date of this section shall comply with the provisions of this act no later than three years after the act is enacted if issued to: an employer or trustees of a fund established by an employer, trustees of a fund established by two or more employers none of whom has joined after the effective date of this section, labor union, police fraternity, firemen's fraternity, teachers' association or federation and a unit of the National Guard or Naval Militia. Any other certificates issued on or after the effective date of this section under a group policy issued prior to the effective date of this section shall comply with the provisions of this act.

Section 8.4. Newly Issued Certificate Under Newly Issued Policy.--Any certificate issued under a group policy issued on

1 or after the effective date of this section shall comply with
2 the provisions of this act.

3 Section 9. This act shall take effect in 90 days.