

Life Insurance and Health Insurance Products; Continuation of Health Coverage; Limited Lines of Insurance; HB 2339

HB 2339 amends provisions in the Insurance Code to permit the combination sale of life insurance coverage with certain health insurance products, update the law applying to continuation coverage for firefighters' surviving spouses and dependent children, add definitions to an existing list of limited lines insurance and clarify continuing education requirements for insurance agents who sell certain limited lines of insurance; and the bill enacts new law to require state agencies and municipalities to pay premiums for continuation of coverage under COBRA (Consolidated Omnibus Budget Reconciliation Act, health benefit provisions) for the surviving spouse and eligible dependent children of a law enforcement officer who dies in the line of duty.

Combination Sale of Life Insurance Coverage with Certain Health Riders

The bill amends a provision in the Insurance Code governing life insurance policies to permit the combination sale of life insurance coverage with certain health insurance products. Specified disease or critical illness riders, or both, would be allowed to be incorporated into life insurance policies, provided the policies show the premiums charged for the life insurance and health insurance riders. In addition, the insured could discontinue the riders and continue the life insurance policy, at the option of the insured.

Continuation of Health Coverage, Law Enforcement Officers

The bill enacts new law to require state agencies and municipalities to pay premiums for continuation of coverage under COBRA for the surviving spouse and eligible dependent children of a law enforcement officer who dies in the line of duty. The law applying to continuation coverage for firefighters' surviving spouses and dependent children is updated by the bill.

Premiums for COBRA continuation coverage will be paid for 18 months and will be required only if the deceased law enforcement officer was enrolled in a health benefit plan for which a state agency or municipality was paying premiums. A state agency or municipality will not be required to pay the premiums for a surviving spouse:

- On or after the end of the 18th calendar month after the date of the deceased law enforcement officer's death;
- Upon the remarriage of the deceased law enforcement officer's surviving spouse;
or
- Upon the deceased law enforcement officer's surviving spouse reaching the age of 65.

The bill also amends the law relating to continuation of coverage for dependent children of firefighters who die in the line of duty. The bill deletes criteria that generally describes a dependent child and instead specifies coverage will be provided to to "eligible" dependent

children under the age of 26 years. (The federal Affordable Care Act requires health insurance plans and issuers that offer dependent coverage to make the coverage available until a child reaches the age of 26 years.)

Limited Lines of Insurance

The bill amends the Insurance Code to add definitions to the existing list of limited lines insurance and to clarify continuing education requirements for insurance agents who sell certain limited lines of insurance.

Specifically, the bill adds the following new definitions of limited lines insurance:

- Crop insurance—limited line insurance for damage to crops from unfavorable weather conditions, fire, lightning, flood, hail, insect infestation, disease or other yield-reducing conditions, or any other peril subsidized by the Federal Crop Insurance Corporation, including multi-peril crop insurance;
- Title insurance—limited line insurance that insures titles to property against loss by reason of defective titles or encumbrances;
- Travel insurance—limited line insurance for personal risks incidental to planned travel (includes interruption or cancellation of trip or event and loss of baggage or personal effects);
- Pre-need funeral insurance—limited line insurance that allows for the purchase of a life insurance or annuity contract by or on behalf of the insured solely to fund a pre-need contract or arrangement with a funeral home for specific services; and
- Bail bond insurance—limited line insurance that provides surety for a monetary guarantee that an individual released from jail will be present in court at an appointed time.

The bill provides that the insurance ethics biennial continuing education requirement (at least one hour of instruction) for licensed insurance agents who are qualified to write business in either property or casualty (or both) or personal lines, or life, accident, and health, or variable contracts also could include regulatory compliance.

The bill requires each insurance agent who holds a life insurance license solely for the purpose of selling pre-need funeral insurance or annuity products to file a report on or before the agent's biennial due date affirming that the agent has transacted no other insurance business during the period covered by the report. Upon the Commissioner's request, an agent is required to provide certification from an officer of each insurance company (that has appointed the agent) that the agent transacted no other insurance business during the reporting period.

The bill also provides exemptions from the biennial continuing education credits requirements for licensed insurance agents who sell only pre-need funeral insurance and for agents who hold only a bail bond qualification.