

1 AN ACT relating to insurance.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 5. The Illinois Insurance Code is amended by
5 changing Section 224.1 as follows:

6 (215 ILCS 5/224.1) (from Ch. 73, par. 836.1)

7 Sec. 224.1. Employer insurable interest. Notwithstanding
8 any other Section of this Code, an employer or an employer
9 sponsored trust for the benefit of its employees has an
10 insurable interest in the lives of the employer's directors,
11 officers, managers, nonmanagement employees, and retired
12 employees and may insure those lives on an individual or
13 group basis with the consent of the insured. On a prospective
14 basis, employers must obtain the written consent of each
15 individual being insured. The consent must include an
16 acknowledgement that the employer may maintain the life
17 insurance coverage even after the insured individual's
18 employment has terminated. ~~The consent requirement will be~~
19 satisfied if the insured is provided written notice of the
20 coverage and does not reject such coverage within 30 days of
21 receipt of such notice. The extent of the employer's or the
22 trust's insurable interest for nonmanagement and retired
23 employees shall be limited to an amount commensurate with the
24 employer's projected unfunded liabilities to nonmanagement
25 and retired employees for welfare benefit plans, as defined
26 by the Employee Retirement Income Security Act of 1974,
27 Public Law 93-406, 88 Stat. 829, calculated according to
28 accepted actuarial principles. An insurable interest must
29 exist at the time the contract of life or disability
30 insurance becomes effective, but need not exist at the time
31 the loss occurs. An employer shall not retaliate in any

1 manner against an employee or a retired employee for refusing
2 consent to be insured. The proceeds of any policy or
3 certificate issued pursuant to this Section are exempt from
4 the claims of any creditor or dependent of the insured. As
5 used herein, "employer" means an individual, sole
6 proprietorship, partnership, firm, corporation, association,
7 or any other legal entity that has one or more employees and
8 is legally doing business in this State.

9 (Source: P.A. 87-936.)