§ 4216. Group life insurance; premium requirements; notice of conversion; filing of compensation. (a) (1) In this chapter:

(A) "Group life insurance" means that form of life insurance covering any one of the groups specified in subsection (b) hereof, which is written under a policy issued to the policyholder as hereinafter defined, and which in all other respects conforms to the requirements of subsection (b) hereof.

(B) "Certificate holder," as used in relation to a group life insurance policy, means the person to whom a certificate evidencing such insurance is issued under any such policy, as hereinafter provided.

(2) In this section, for the purposes of insurance hereunder: "employees" may be deemed to include (i) the officers, managers, employees and retired employees of the employer and of subsidiary or affiliated corporations of a corporate employer, and the individual proprietors, partners, employees and retired employees of affiliated individuals and firms controlled by the employer through stock ownership, contract or otherwise; (ii) the individual proprietor or partner if the employer is an individual proprietor or a partnership; (iii) as used in paragraph one of subsection (b) hereof, the directors of the employer and of subsidiary or affiliated corporations of a corporate employer; and (iv) as used in paragraphs four and five of subsection (b) hereof, the trustees or their employees, or both, if their duties are principally connected with such trusteeship.

(b) Any life insurance company authorized to do business in this state may deliver in this state policies of group life insurance only as follows:

(1) A policy issued to an employer or to a trustee or trustees of a fund established by an employer, which employer or trustees shall be deemed the policyholder, insuring with or without evidence of individual insurability satisfactory to the insurer, employees of such employer, and insuring, except as hereinafter provided, all of such employees or all of any class or classes thereof determined by conditions pertaining to the employment, or by a combination of such conditions and conditions pertaining to the family status of the employee, for amounts of insurance on each person insured based upon some plan which will preclude individual selection. However, such a plan may permit a limited number of selections by employees if the selections offered utilize a

consistent pattern of grading the amounts of insurance for individual group members so that the resulting pattern of coverage is reasonable. The premium for the policy shall be paid by the policyholder, either wholly from the employer's funds or from funds contributed by the insured employees, or from funds contributed jointly by the employer and employees. If all or part of the premium is to be derived from funds contributed by the insured employees, such policy must insure a minimum of fifty percent or five of such eligible employees whichever is fewer. Except as provided in subsection (b) of section four thousand two hundred thirty-one of this article and in paragraph five of subsection (a) of section three thousand two hundred twenty of this chapter, such policy shall provide for payment of all benefits thereunder, to the person insured or to some beneficiary or beneficiaries other than the employer, and shall provide for the issuance of a certificate to the policyholder for delivery to the person insured or to such beneficiary, as evidence of such insurance.

(2) A policy issued to a labor union, which shall be deemed the policyholder insuring, with or without evidence of individual insurability satisfactory to the insurer, not less than twenty-five members of such union, and insuring, except as hereinafter provided all of the members of such union or all of any class or classes thereof determined by conditions pertaining to their employment or membership in the union, or both, and who are actively engaged in their occupations, for amounts of insurance on each person insured based upon some plan which will preclude individual selection. However, such a plan may permit a limited number of selections by members if the selections offered utilize a consistent pattern of grading the amounts of insurance for individual group members so that the resulting pattern of coverage is reasonable. The premium on such policy may be paid by the union, by the members, or by the union and its members jointly. If the premium is paid by the members or by the union and its members jointly such policy must insure not less than fifty percent of such eligible members or, if less, fifty or more of such members. Except as provided in paragraph five of subsection (a) of section three thousand two hundred twenty of this chapter, such policy shall provide for the payment of benefits to the person insured or to some beneficiary or beneficiaries, other than the union or any of its officials, representatives or agents, and shall

provide for the issuance of a certificate to the union for delivery to the person insured or to such beneficiary, as evidence of such insurance. Any such policy may vary from the foregoing requirements, as follows:

(A) if the policy is cancellable at the option of the insurer at the end of any policy year and if the basis of premium rates may be changed by the insurer at the beginning of any policy year, all members of such labor union may be insured thereunder;

(B) if and when members of such union apply for and pay for additional amounts of insurance, a smaller percentage of such members than fifty percent may, with evidence of individual insurability satisfactory to the insurer, be insured thereunder for such additional amounts.

(3) (A) A policy issued to a creditor or vendor, or to a trustee or agent designated by two or more creditors or vendors, which creditor, vendor, trustee, or agent shall be deemed the policyholder, except as hereinafter provided.

(B) The policy shall insure all of the members, but may exclude any as to whom evidence of individual insurability is not satisfactory to the insurer, of a group of debtors or vendees, defined as follows:

(i) all of the borrowers, or borrowers and guarantors of borrowers, or intended borrowers (under a program for defraying the cost of attendance of a student at a college or university or at an elementary or secondary school providing education required for minors, which program includes provision for immediate periodic payments by the parent or guardian of such student and a loan commitment to such parent and guardian by a financial institution, or by or on behalf of a college or university or such an elementary or secondary school to defray the cost of attendance at such college or university or elementary or secondary school in excess of the accumulated periodic payments by the parent or guardian) from one financial institution and its subsidiary or affiliated companies, or from two or more creditors or vendors so designating such trustee, trustees or agent, or

(ii) all of the purchasers of securities, merchandise or other property from one vendor, or from two or more vendors so designating such trustee or agent, or

(iii) all of any class or classes of such debtors or purchasers determined by conditions pertaining to the type of indebtedness or

purchase.

(C) The policy may specify the ages to which the insurance provided shall be limited, provided however that if the insurance terminates at a particular age, the age at which it terminates shall be prominently displayed on the application for insurance.

(D) If the agreement provides for repayment in instalments, the insurance may be continued for the duration of the debt over a period of not more than thirty-five years from the date the debt is first incurred; otherwise the insurance may be continued for a period not in excess of eighteen months except that such insurance may be continued for an additional period not exceeding six months in the case of default, extension or recasting of the loan.

(E) Notwithstanding anything in this paragraph to the contrary,

(i) the insurance of borrowers, who incur indebtedness arising from the granting of policy loans pursuant to policy provisions therefor, provided under a policy issued to the insurance company granting the policy loan, may be continued for the duration of the indebtedness,

(ii) under a plan approved by the superintendent the insurance of debtors with respect to an agreement which does not provide for repayment in instalments may be continued for the duration of the indebtedness but not more than seven years from the date the indebtedness is incurred, and

(iii) the insurance of persons who are tenants or shareholders of a mutual or other housing corporation (organized pursuant to the provisions of the private housing finance law and regulated by such statute as to rent, dividends and profits) under a policy issued with identifiable charges or fixed amounts of premiums to such corporation or to a trustee or trustees or agent designated by one or more such corporations may be continued for the term of the tenant's lease with such corporation or thirty-six months or whichever is the greater period, and the amount of insurance with respect to any person insured under such policy may be a fixed amount not greater than the lesser of fifty-five thousand dollars or an amount equal to thirty-six times the monthly instalments due under such lease.

(F) The benefits of any policy authorized under this paragraph shall be payable to the policyholder; but the amount of any benefit received by the policyholder thereunder not in excess of the actual indebtedness

shall be applied by the policyholder to the discharge of any obligation of the person insured, or his personal representative, to the policyholder, creditor or his assignee and the amount of any benefit received by the policyholder thereunder in excess of the actual indebtedness shall be payable to a beneficiary named by the debtor or, if none, then either to the estate of the debtor or under the provision of a facility of payment clause.

(G) No such group shall be eligible for insurance hereunder unless the new entrants to such group number at least twenty-five persons yearly.

(H) The premium for the policy shall be paid by the policyholder, either from the creditor's or vendor's funds, or from charges collected from the insured debtors or purchasers, or from both. A policy on which all or part of the premium to be derived from the collection from the insured debtors or purchasers of identifiable charges not required of uninsured debtors or purchasers may be issued only if the policy reserves to the insurer the right to require evidence of individual insurability if less than seventy-five percent of the new entrants in any year become insured and provided that such policy shall not include, in the class or classes of debtors or purchasers eligible for insurance, debtors or purchasers under obligations outstanding at its date of issue without evidence of individual insurability unless at least seventy-five percent of the then eligible debtors or purchasers elect to pay the required charges.

(I) The policy may be issued to an assignee to whom such creditor or vendor has transferred all of its right, title and interest to the unpaid indebtedness, or to the unpaid purchase price, under all such agreements made by it.

(J) The amount of insurance on any person insured under a policy shall not at any time exceed:

(i) in all cases except as hereinafter provided the lesser of fifty-five thousand dollars and the amount of unpaid indebtedness or the amount of the purchase price unpaid by such person;

(ii) in the case of a loan commitment pursuant to the hereinabove program for defraying the cost of attendance of a student at a college or university or at such an elementary or secondary school, the lesser of fifty-five thousand dollars and the total of the unpaid balance of the scheduled periodic payments whether due or not due and the amount of

any outstanding loan commitment pursuant to such a program; or

(iii) in the case of a transaction secured by a real estate mortgage, the lesser of the sum of two hundred twenty thousand dollars and the amount of the indebtedness so secured.

(iv) in the case of indebtedness arising from a credit card account where there is no specific charge for insurance, the lesser of the sum of one hundred thousand dollars or the amount of unpaid indebtedness.

(K) (i) With respect to loans made by production credit associations organized pursuant to the federal Farm Credit Act of 1933, 12 U.S.C. §§ 1131c - 1138c, and with respect to loans made by a bank, trust company or industrial bank to a borrower engaged in the business of farming, crop production or the raising, breeding, fattening or marketing of livestock for the purposes of such business and other requirements of the borrower, the amount of insurance may exceed the unpaid indebtedness and shall not be limited as to amount except that the insurance shall not exceed the greater of the loan commitment or the outstanding balance of the loan at the inception of the period for which the borrower is insured.

(ii) With respect to loans made by Federal Land Banks established pursuant to an Act of Congress of the United States entitled the "Federal Farm Loan Act", approved July seventeenth, nineteen hundred sixteen, as amended, the amount of insurance on any person insured under the policy shall not at any time exceed the amount of the unpaid indebtedness at the inception of the period for which premiums are paid, but shall not otherwise be limited as to amount.

(L) The superintendent shall prescribe from time to time regulations determining the procedures, terms and conditions applicable to a policy issued pursuant to this paragraph to the trustee or agent designated by two or more creditors or vendors.

(M) Each insurer shall file with the superintendent its forms of policies, certificate statements and applications pertaining to credit insurance together with its premium rates for such insurance and the same shall be subject to his approval. The superintendent shall not approve any such forms if the premium charged is unreasonable in relation to the benefits provided.

(N) For the purposes of this paragraph: (i) "creditor" includes a lessor of real or personal property, (ii) "borrower" includes a lessee

of real or personal property, and (iii) "indebtedness" includes rentals payable under the lease of real or personal property.

(4) A policy issued to a trustee or trustees of a fund established or participated in by two or more employers or by one or more labor unions, or by one or more employers and one or more labor unions, which trustee or trustees shall be deemed the policyholder, to insure employees of the employers or members of the unions for the benefit of persons other than the employers or the unions, subject to the following requirements:

(A) The persons eligible for insurance shall be all of the employees of the employers or all of the members of the unions, or all of any class or classes thereof determined by conditions pertaining to their employment, or to membership in the unions, or to both.

(B) The premium for the policy shall be paid by the trustees either wholly from funds contributed by the employer or employers of the insured persons or by the union or unions, or by both, or from funds contributed by the insured persons, or jointly from such funds and funds contributed by the insured persons specifically for their insurance. A policy on which no part of the premium is to be derived from funds contributed by the insured persons specifically for their insurance must insure all eligible persons, excluding any as to whom evidence of individual insurability is not satisfactory to the insurer.

(C) The policy shall insure at least fifty persons at date of issue.

(D) The amounts of insurance under the policy shall be based upon some plan precluding individual selection either by the insured persons or by the policyholder, employers, or unions. However, such a plan may permit a limited number of selections by employees or members if the selections offered utilize a consistent pattern of grading the amounts of insurance for individual group members so that the resulting pattern of coverage is reasonable.

(E) With respect to a policy issued to a trustee or trustees of a fund established by one or more labor unions, or by one or more employers and one or more labor unions the proposed insured must submit, and the insurer must obtain, a written certification that a reasonable number of comparative bids have been obtained from different insurers and that such bids have been considered by the trustees before making a decision concerning which bid to accept. Such decision must be made at a trustees' meeting held on a date certain, and a copy of the minutes of

such meeting must be attached to such certification.

(5) A policy issued to a trustee or trustees of a fund established or participated in by the employer members of a trade association, which trustee or trustees shall be deemed the policyholder, to insure employees of such employers for the benefit of persons other than the association or the employers, subject to the following requirements:

(A) The policy may be issued only if:

(i) the association has been in existence for at least two years and was formed for purposes principally other than obtaining insurance, and

(ii) the participating employers, meaning such employer members whose employees are to be insured, constitute at date of issue at least fifty percent of the total employers eligible to participate, unless the total number of persons covered at date of issue exceeds six hundred, in which event such participating employers must constitute at least twenty-five percent of such total employers, in either case omitting from consideration any employer whose employees are already covered for group life insurance;

(B) The persons eligible for insurance under the policy shall be all of the employees of the participating employers, or all of any class or classes thereof determined by conditions pertaining to their employment.

(C) The premium for the policy shall be paid by the trustee or trustees either wholly from funds contributed by the employers or by the employees or funds contributed jointly by the employers and the employees. A policy on which no part of the premium so payable is to be derived from funds contributed by the insured employees must insure all eligible employees, excluding any as to whom evidence of individual insurability is not satisfactory to the insurer;

(D) The policy must cover at least fifty employees at date of issue;

(E) The amounts of insurance under the policy must be based upon some plan precluding individual selection either by the employees or by the policyholder or the employer. However, such a plan may permit a limited number of selections by employees if the selections offered utilize a consistent pattern of grading the amount of insurance for individual group members so that the resulting pattern of coverage is reasonable.

(6) A policy issued to a duly organized association of civil service employees which shall include in its membership not less than five thousand civil service employees having a common employer, or to a duly

organized association of teachers having a membership of not less than five thousand, which association, in either event, shall be deemed the policyholder, and which shall have been formed and is maintained for purposes other than to effect group life insurance on its members. Such policy shall insure only members of such association, with or without evidence of individual insurability satisfactory to the insurer, based upon a plan which will preclude individual selection. However, such a plan may permit a limited number of selections by members if the selections offered utilize a consistent pattern of grading the amounts of insurance for individual group members so that the resulting pattern of coverage is reasonable. The premium on such policy may be paid by the association or by the association and the insured members jointly or by the insured members alone. Every member of such association in good standing shall have opportunity to apply for such insurance and not less than sixty percent of the eligible members in good standing may be so insured. Such policy shall provide for the payment of benefits, except policy dividends, to the person insured or to some beneficiary or beneficiaries, other than the association or any of its officers or directors, as such, and shall also provide for the issuance of a certificate to the association for delivery to the person insured or to such beneficiary, as evidence of such insurance.

(7) A policy insuring the members of one or more troops or units of the state troopers or state police of any state, issued to the commanding officer of the state troopers or state police, who shall be deemed the policyholder, the premium on which is to be paid by the members insured; or a policy covering the members of one or more duly incorporated police officers' benevolent associations or of one or more associations or organizations of uniformed firefighters or volunteer firefighters or volunteer ambulance workers which association or organization shall have been in existence for at least two years prior to the issuance of such policy and which shall have twenty-five members at the time of the issuance of such policy, which shall be issued to such association or to a trustee or trustees of a fund established, or participated in, by one or more of such associations or organizations as the policyholder. If the opportunity to take such insurance is offered to all eligible members of a unit of such state troopers or state police, or to all eligible members of such incorporated police officers'

benevolent association or of an association or organization of uniformed firefighters, volunteer firefighters, then not less than fifty percent of such members or, if less, fifty or more of such members may be so insured. If the insurance is limited to those eligible members who are employed as state troopers, police officers, firefighters or volunteer ambulance workers, then not less than sixty percent or five hundred of such members, whichever is less, may be so insured. Such policy shall provide for the payment of benefits, except policy dividends, to the person insured or to some beneficiary or beneficiaries, other than such commanding officer or such association or any of its officials, as such, and shall also provide for the issuance of a certificate to the policyholder for delivery to the person insured or to such beneficiary, as evidence of such insurance. For the purposes of this paragraph any association currently holding premium dividends as a result of policies issued under this section shall be permitted to maintain said dividends for the general purposes of the entire membership. For the purposes of this paragraph the term "eligible members of an association of volunteer firefighters or volunteer ambulance workers" means members who perform services in fire-fighting duties or members of a volunteer exempt fire benevolent association who are entitled to benefits from the expenditures of foreign fire insurance tax moneys, including, inactive exempt volunteer firefighters as defined by section two hundred of the general municipal law or in ambulance-related duties, respectively. The amounts of insurance may be based upon a plan which permits a limited number of selections by the members if the selections offered utilize a consistent pattern of grading the amounts of insurance for individual group members so that the resulting pattern of coverage is reasonable.

(8) (A) A policy issued to a municipal corporation or a public housing authority, which corporation or authority shall be deemed the policyholder, insuring, with or without evidence of individual insurability satisfactory to the insurer, not less than twenty-five employees of such corporation or authority, except that in each of the villages of Croton-on-Hudson and Lloyd Harbor not less than ten such employees, and insuring all of such employees or all of any class or classes thereof determined by conditions pertaining to the employment, for amounts of insurance on each person insured based upon some plan which will preclude individual selection. However, such a plan may

permit a limited number of selections by employees if the selections offered utilize a consistent pattern of grading the amounts of insurance for individual group members so that the resulting pattern of coverage is reasonable.

(B) The premium for the policy may be paid either by the policyholder or by the insured employees, or both, in the manner provided in section ninety-three of the general municipal law. If a part of the premium is to be derived from funds contributed by insured employees, the policy must insure not less than seventy-five percent of all eligible employees. Such policy shall provide for the payment of benefits to the person insured or to some beneficiary or beneficiaries other than the municipal corporation or the public housing authority, and shall also provide for the issuance of a certificate to the policyholder for delivery to the person insured or to such beneficiary, as evidence of such insurance. A policy on which no part of the premium is to be derived from funds contributed by the insured employees specifically for their insurance must insure all eligible employees, or all except any as to whom evidence of individual insurability is not satisfactory to the insurer.

(C) Subject to the constitution and general laws of this state, every municipal corporation or public housing authority is empowered to contract by its fiscal or disbursing officer with an authorized life insurance company for group life insurance on the lives of its employees.

(9) A policy issued to the state covering, with or without evidence of individual insurability satisfactory to the insurer, persons who are managerial or confidential employees, or retired managerial or confidential employees, of governments or public employers for the purposes of article fourteen of the civil service law. The state shall be deemed to be the policyholder. With respect to its employees, the state and each other participating government or public employer shall be deemed to be the employer. The premiums or subscription charges may be derived from funds contributed entirely by insured employees and retired employees or by insured employees and retired employees and the employer jointly or entirely by the employer. If the premiums or subscription charges are derived from funds contributed wholly by the employer, all eligible employees are to be covered. If all or part of

the premiums or subscription charges are to be derived from funds contributed by insured employees and if the opportunity to take such insurance is offered to all eligible employees of an employer, then such policy must cover not less than forty percent of such employees, the calculation being with respect to each employer individually. The amounts of insurance may be based upon a plan which permits a limited number of selections by the employees if the selections offered utilize a consistent pattern of grading the amounts of insurance for individual group members so that the resulting pattern of coverage is reasonable.

(10) A policy issued to an association, or to a trustee or trustees of a fund established, created or maintained for the benefit of members of one or more associations, all of whose eligible members have the same profession, trade or occupation, which association or associations have been organized and maintained in good faith for purposes principally other than that of obtaining insurance and have been in active existence for at least two years. The policy shall insure members, or employees of members, of such association or associations, and except as provided in paragraph five of subsection (a) of section three thousand two hundred twenty of this chapter, such policy shall provide for the payment of benefits to the person insured or some beneficiary or beneficiaries other than employers and the association or associations, or any officials, representatives, trustees or agents thereof and shall provide for the issuance of a certificate to the persons insured or such beneficiary as evidence of such insurance. The members or employees eligible for the insurance under the policy shall be all the members who have not attained any limiting age specified in the policy, or all such members and their employees, or all of any class or classes thereof determined by conditions pertaining to their employment or to association membership or both. The premium for the policy shall be paid by the association or trustee or trustees either from funds contributed by the association or by the insured individuals, or from funds contributed jointly by the association and insured individuals specifically for their insurance. A policy on which all or part of the premium is to be derived from funds contributed by the insured individuals specifically for their insurance must insure at least fifty percent of the then eligible individuals or a minimum of two hundred individuals, whichever is less, excluding any as to whom evidence of

individual insurability is not satisfactory to the insurer. A policy on which no part of the premium is to be derived from funds contributed by the insured individuals specifically for their insurance must insure all eligible individuals, excluding any as to whom evidence of individual insurability is not satisfactory to the insurer. The policy must insure at least one hundred individuals at date of issue. The amounts of insurance on employees or members insured under the policy shall be based upon some plan precluding individual selection. However, such a plan may permit a limited number of selections by employees or members if the selections offered utilize a consistent pattern of grading the amounts of insurance for individual group members so that the resulting pattern of coverage is reasonable. If a policy dividend is declared or a reduction in rate is made under such a policy, the excess, if any, of the aggregate dividends or rate reductions under the policy over the aggregate expenditure for insurance under such policy made from association or employer funds, including expenditures made in connection with administration of such policy, shall be applied by the policyholder for the sole benefit of the insured individuals.

(11) A policy, covering persons employed pursuant to 32 U.S.C. § 709, members of the national guard on full-time training duty under provisions of such title 32, or on active duty or active duty for training under provisions of title 10 of the United States Code, under the full-time manning program, issued to the adjutant general, who shall be deemed the policyholder, or to a trustee or trustees of a fund established, created, or maintained for the benefit of such individuals insured, which trustee or trustees shall be deemed the policyholder, the premium of which is to be paid by the individuals insured either directly or by deduction from wages or salary. The policy must insure at least fifty percent or four hundred of the individuals eligible for such insurance, whichever is less. Such policy shall provide for the payment of benefits to the individual insured or to some beneficiary or beneficiaries other than to the aforesaid trustee or trustees or the adjutant general. The policy shall also provide for the issuance of a certificate to the policyholder for delivery to the individual insured or to such beneficiary, as evidence of such insurance. The amounts of insurance may be based upon a plan which permits a limited number of selections by the members provided the selections offered utilize a

consistent pattern of grading the amounts of insurance for individual group members so that the resulting pattern of coverage is reasonable.

(12) A policy issued to an association, or the trustee or trustees of a trust established, or participated in, by one or more associations, to insure association members subject to the following:

(A) Each association shall have (i) A minimum of two hundred insured members at the policy's date of issue;

(ii) Been organized and maintained in good faith for purposes principally other than that of obtaining insurance;

(iii) Been in active existence for at least two years; and

(iv) A constitution and by-laws which provide that:

(I) The association holds regular meetings not less than annually to further purposes of the association;

(II) The association collects dues or solicits contributions from members; and

(III) The members have voting privileges and representation on the governing board and committees.

(B) The premium for the policy shall be paid by the association or trustees either wholly from funds contributed by the association or by the insured individuals, or from funds contributed jointly by the association and insured individuals. A policy on which no part of the premium is to be derived from funds contributed by the insured individuals specifically for their insurance must insure all eligible individuals excluding any as to whom evidence of individual insurability is not satisfactory to the insurer.

(C) The amounts of insurance under the policy shall be based upon some plan precluding individual selection either by the insured persons or by an association. However, such a plan may permit a number of selections by the association, if the selections offered utilize a consistent pattern of grading the amounts of insurance so that the resulting pattern of coverage is reasonable. Furthermore, such plan may permit a limited number of selections by members if the selections offered utilize a consistent pattern of grading the amounts of insurance for individual group members so that the resulting pattern of coverage is reasonable.

(D) Except as provided in paragraph five of subsection (a) of section three thousand two hundred twenty of this chapter, such policy shall

provide for the payment of benefits to the person insured or to some beneficiary or beneficiaries, other than the association or any officials, representatives, trustees or agents thereof and shall provide for the issuance of a certificate to the persons insured or such beneficiary, as evidence of such insurance.

(E) The premiums charged must be reasonable in relation to the benefits provided.

(13) A policy issued to any organization, or the trustee or trustees of a trust established, or participated in, by one or more of such organizations to insure certain persons subject to the following:

(A) The organization must be:

(i) A bank, retailer or other issuer of a credit card, charge card or payment card which can be used to buy goods or services, and the policy must insure holders of that card;

(ii) A bank, savings and loan association, credit union, mutual fund, money market fund, stockbroker 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.

(B) Except for a credit union where the premium shall be paid entirely from funds contributed by the credit union, the organization or organizations shall have a minimum of two hundred insured persons at the policy's date of issue.

(C) The premium for the policy shall be paid by the organization or trustees either wholly from funds contributed by the organization or by the insured individuals, or from funds contributed jointly by the organization and insured individuals. A policy on which no part of the premium is to be derived from funds contributed by the insured individuals specifically for their insurance must cover all eligible individuals excluding any as to whom evidence of individual insurability is not satisfactory to the insurer.

(D) The amounts of insurance under the policy shall be based upon some plan precluding individual selection either by the insured persons or by the organization. However, such plan may permit a number of selections by the organization if the selections offered utilize a consistent pattern of grading the amounts of insurance so that the resulting pattern of coverage is reasonable. Furthermore, such a plan may permit a limited number of selections by members if the selections offered

utilize a consistent pattern of grading the amounts of insurance for individual group members so that the resulting pattern of coverage is reasonable.

(E) Except as provided in paragraph five of subsection (a) of section three thousand two hundred twenty of this chapter, such policy shall provide for the payment of benefits to the persons insured or to some beneficiary or beneficiaries other than the organization, or any official, representatives, trustees or agents thereof, and shall provide for the issuance of a certificate to the persons insured or such beneficiary, as evidence of such insurance.

(F) The premiums charged must be reasonable in relation to the benefits provided.

(14) A policy issued to insure any other group approved by the superintendent upon a finding that:

(A) There is a common enterprise or economic or social affinity or relationship;

(B) The premiums charged are reasonable in relation to the benefits provided; and

(C) The issuance of the policy would result in economies of acquisition or administration, would be actuarially sound, and would not be contrary to the best interest of the public. The superintendent shall promulgate regulations setting forth any such groups that have been accepted as qualifying pursuant to this paragraph.

(c) (1) No domestic, foreign or alien life insurance company shall be permitted to do business in this state if it hereafter issues, within or without this state, any policy of group life insurance which on its issuance does not appear to be self-supporting on reasonable assumptions as to interest, mortality and expense.

(2) Anything in this chapter to the contrary notwithstanding, any group life insurance policy issued or delivered in this state may provide for readjustment of the rate of premium based on the experience thereunder, at the end of the first year or of any subsequent year of insurance thereunder, and such readjustment may be made retroactive only for such policy year. Any such rate readjustment shall be computed on a basis which is equitable to all group life insurance policies.

(d) In the event a group life insurance policy hereafter issued for delivery in this state permits a certificate holder to convert to

another type of life insurance within a specified time after the happening of an event, such certificate holder shall be notified of such privilege and its duration within fifteen days before or after the happening of the event, provided that if such notice be given more than fifteen days, but less than ninety days after the happening of such event, the time allowed for the exercise of such privilege of conversion shall be extended for forty-five days after the giving of such notice. If such notice be not given within ninety days after the happening of the event, the time allowed for the exercise of such conversion privilege shall expire at the end of such ninety days. Written notice by the policyholder given to the certificate holder or mailed to the certificate holder at his last known address, or written notice by the insurer mailed to the certificate holder at the last address furnished to the insurer by the policyholder, shall be deemed full compliance with the provisions of this subsection for the giving of notice.

(e) Each domestic insurer and each foreign or alien insurer doing business in this state shall file with the superintendent its schedule of rates of commissions, compensation and other fees or allowances to agents and brokers pertaining to the solicitation or sale of group life insurance and of fees or allowances, exclusive of amounts payable to persons who are in the regular employ of the insurer other than as agent, to any individuals, firms or corporations pertaining to the service or administration of group life insurance, whether transacted within or without this state. An insurer may revise such schedules from time to time, and shall file such revised schedules with the superintendent. No insurer shall pay to an agent, agents, broker or brokers or any combination of licensees for the solicitation or sale of a policy of group life insurance or for any other purpose related to such group insurance any commission, compensation or other fees or allowances in excess of that determined on the basis of the schedules of such insurer as then on file with the superintendent; nor shall such insurer pay for services pertaining to the service or administration thereof to any individual, firm or corporation any fees, commissions or allowances in excess of that determined on the basis of the schedules of such insurer as then on file with the superintendent or for such services except such as are rendered in behalf of such insurer, provided, however, nothing contained herein shall apply to or affect the

computation of dividends or experience rating credits.

(f) Any policy of group life insurance may include provisions for the payment by the insurer of life insurance benefits upon the death of the spouse of the insured employee or member or his or her child dependent upon him or her for support and maintenance or any other person dependent upon the insured employee or member, provided that insurance upon the life of the spouse or other person shall not exceed the amount of insurance for which the employee or member is eligible, nor shall the insurance upon the life of each dependent child so insured exceed twenty-five thousand dollars. A policy of insurance issued in accordance with paragraph three of subsection (b) of this section, while it may provide coverage for a spouse of the insured employee or member, it shall not, however, provide coverage for a dependent child of the insured employee or member. An insurer providing group life insurance for a spouse or dependent children shall require evidence of insurability sufficient to protect against substantial adverse selection.

(g) An insurer authorized or licensed to do business in this state may solicit or make available credit life insurance coverage in this state as provided for in paragraph three of subsection (b) of this section under a policy of group life insurance only if the policy is delivered to policyholders described in and conforming to the definition in paragraph three of subsection (b) of this section, and with respect to all credit transactions entered into in this state, the policy fully complies with the requirements of paragraph twelve of subsection (a) of section three thousand two hundred twenty of this chapter.

(h)(1) Any dividend hereafter apportioned on any participating group insurance policy, or any rate reduction hereafter made or continued on any non-participating group policy for the first or any subsequent year of insurance under any such policy heretofore or hereafter issued under paragraph twelve, thirteen or fourteen of subsection (b) of this section, may be applied to reduce the policyholder's part of the cost of such policy, except that the excess, if any, of the insured's aggregate contribution under the policy over the net cost (gross premium less dividends or rate reductions) of the insurance shall be applied at the discretion of the insurer either as a cash payment to the insured or to reduce the insured's premium, unless the insured assigns the dividend or

rate reduction to the policyholder. If a dividend or rate reduction is payable upon termination of the policy the insurer shall either make payment to the insured or to the policyholder upon receipt of a certification from the policyholder that the dividend or rate reduction will be distributed by the policyholder to the insureds or applied to reduce the insured's premium.

(2) The provisions of paragraph one of this subsection shall apply to New York residents insured under a policy issued in any other jurisdiction to a group which is not of the type described in paragraphs one through eleven of subsection (b) of this section.

(i) (1) The provisions of subsections (d), (f) and (h) of this section shall not apply to policies issued under the authority of subsection (d) of section three thousand two hundred five of this chapter, provided such policies are issued in compliance with the requirements of subsection (d) and subsection (e) of section three thousand two hundred five of this chapter.

(2) Any life insurance company authorized to do business in this state may deliver in this state policies of group insurance issued to an employer or to the trustee of a fund established by one or more employers, or one or more employers and one or more labor unions without complying with the provisions of paragraphs one and four of subsection (b) of this section where group insurance is issued under the authority of subsection (d) or subparagraph (B) of paragraph (1) of subsection (a) of section three thousand two hundred five of this chapter, provided that, prior to or at the commencement of coverage on any person under a policy issued under the authority of such subparagraph:

(A) the employer providing such insurance coverage or causing such coverage to be issued notifies the prospective insured in writing: (i) of the intent to insure the employee's life, specifying in such notice the maximum face amount for which the employee could be insured at the time the contract is issued; and (ii) that the employer or policyholder will be a beneficiary of any proceeds payable upon the death of the employee; and

(B) the prospective insured employee consents in writing to such coverage.