

HOUSE BILL 759

By McCormick

AN ACT to amend Tennessee Code Annotated, Title 56,
Chapter 7, relative to disability income protection
insurance.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 56, Chapter 7, is amended by adding
the following new part:

56-7-3501.

As used in this part, "group disability income protection policy" means a
group short-term disability income protection policy or a group long-term disability
income protection policy instituted by an employer that:

- (1) Provides income replacement benefits to an employee who is unable
to work for an extended period of time because of an injury or sickness; and
- (2) Requires premium payments by the employee who is covered under
the policy.

56-7-3502.

(a) An employer may offer to, and pre-enroll, its employees in a group
disability income protection policy if:

- (1) The employer discloses to the employees the terms of the
group disability income protection policy, including, but not limited to, the
benefits, exclusions, and premiums payable under the policy; and
- (2) The employer provides employees with notice and a
reasonable time period for declining coverage under the policy. For
purposes of this subdivision (a)(2), "reasonable time period" means at

least thirty (30) days prior to, and again at least ten (10) days prior to, the initial payroll deduction of the employee's premiums.

(b) The information provided pursuant to subsection (a) must be in clear and conspicuous language and must describe the process by which an employee may exercise the employee's rights, including the right to decline coverage.

(c) In addition to the requirements of subsections (a) and (b), a group disability income protection policy must contain provisions regarding the pre-enrollment and declination of coverage process referred to in subsection (a).

56-7-3503.

(a) In addition to the requirements of § 56-7-3502, an employer may offer to, and pre-enroll, its employees in a group disability income protection policy that is a short-term policy if the policy:

(1) Replaces income of at least forty percent (40%) of the state's average weekly wage, as determined by the department of labor and workforce development, but does not exceed the maximum weekly benefit amount provided under the short-term disability income protection policy;

(2) Offers benefits for at least six (6) months; and

(3) Has an elimination period of no more than thirty (30) days.

(b) In addition to the requirements of § 56-7-3502, an employer may offer to, and pre-enroll, its employees in a group disability income protection policy that is a long-term policy if the policy:

(1) Replaces at least fifty percent (50%) of pre-disability earnings prior to any applicable offsets;

(2) Offers benefits for at least twenty-four (24) months; and

(3) Has an elimination period of no more than one hundred eighty five (185) days.

(c) Nothing in subsection (a) or (b) prohibits an employer from pre-enrolling or otherwise offering to its employees both a short-term and a long-term group disability income protection policy.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.