

[17-201.

(a) (1) Subject to the requirements of this section, the lives of a group of individuals may be insured under a policy issued to an employer or to the trustees of a fund established by an employer to cover employees of the employer for the benefit of persons other than the employer.

(2) The employer or trustees to which the policy is issued are deemed the policyholder.

(b) (1) All employees of the employer, or all of any class or classes of employees determined by conditions pertaining to their employment, are eligible for insurance under a policy issued in accordance with this section.

(2) The policy may provide that the term "employee" includes:

(i) an employee of one or more subsidiary corporations;

(ii) an employee, individual proprietor, or partner of one or more affiliated corporations, proprietorships, or partnerships if the business of the employer and of the affiliates is under common control;

(iii) an individual proprietor if the employer is the individual proprietorship;

(iv) a partner if the employer is a partnership; and

(v) a retired employee.

(3) A director of a corporate employer is not eligible for insurance under the policy unless the director is otherwise eligible as an employee of the corporation by performing services other than the usual duties of a director.

(4) An individual proprietor or partner is not eligible for insurance under the policy unless the individual proprietor or partner is actively engaged in and devotes substantial time to the conduct of the business of the proprietorship or partnership.

(c) (1) The employer or trustees shall pay the premium for the policy:

(i) wholly from the funds of the employer or funds contributed by the employer; or

(ii) partly from the funds of the employer or funds contributed by the employer and partly from funds contributed by the insured employees.

(2) A policy may not be issued on which the entire premium is to be paid from funds contributed by the insured employees.

(3) A policy on which the premium is to be paid partly from funds contributed by the insured employees may be placed in force only if at least 75% of the eligible employees, other than those who have evidence of individual insurability that is unsatisfactory to the insurer, elect to make the required contributions.