

(3) AN INSURER MAY EXCLUDE OR LIMIT THE COVERAGE ON ANY PERSON AS TO WHOM EVIDENCE OF INDIVIDUAL INSURABILITY IS NOT SATISFACTORY TO THE INSURER.

[17-203.

(a) (1) Subject to the requirements of this section, the lives of a group of individuals may be insured under a policy issued to the trustees of a fund established by two or more employers in the same industry or by one or more labor unions, or by one or more employers and one or more labor unions, to cover employees of the employers or members of the unions for the benefit of persons other than the employers or unions.

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

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

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

(i) a trustee or employee of the trustee or both if the duties of the trustee or employee are principally connected with the trusteeship;

(ii) a sole proprietor if the employer is a sole proprietorship;

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

(iv) 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 usual duties of a director.

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

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

(i) wholly from funds contributed by the employer or employers or by the union or unions or by both; or

(ii) partly from funds contributed by the employer or employers or union or unions or both, and partly from funds contributed by the insured employees or members.

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