

111TH CONGRESS
1ST SESSION

H. R. 3669

To prohibit employers from carrying life insurance policies on their rank
and file employees.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 29, 2009

Mr. GUTIERREZ introduced the following bill; which was referred to the
Committee on Education and Labor

A BILL

To prohibit employers from carrying life insurance policies
on their rank and file employees.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Employer-Owned Life
5 Insurance Limitation Act”.

6 **SEC. 2. PROHIBITION ON EMPLOYER-OWNED LIFE INSUR-**
7 **ANCE OF MOST EMPLOYEES.**

8 (a) GENERAL PROHIBITION.—It shall be unlawful for
9 any employer to carry an employer-owned life insurance

1 policy on any employee of such employer whose salary is
2 less than \$1,000,000 per year.

3 (b) MANDATORY CANCELLATION.—It shall be unlaw-
4 ful for any employer to carry an employer-owned life in-
5 surance policy not prohibited by subsection (a) for any em-
6 ployee after 30 days after such employee terminates em-
7 ployment with such employer.

8 **SEC. 3. DISCLOSURE REQUIRED.**

9 Not later than 30 days after the date on which an
10 employer purchases any employer-owned life insurance
11 policy not prohibited by section 2(a), the employer shall
12 provide to the employee who is the subject of the employ-
13 er-owned life insurance policy a written notice that con-
14 tains—

15 (1) a statement that the employer carries an
16 employer-owned life insurance policy on the life of
17 the employee;

18 (2) the identity of the insurance carrier of the
19 policy;

20 (3) the benefit amount of the policy; and

21 (4) the name of the beneficiary of the policy.

22 **SEC. 4. CIVIL ACTION.**

23 Any employee who is the subject of an employer-
24 owned life insurance policy carried by his or her employer
25 in violation of section 2 (or the spouse or next of kin of

1 such an employee in the case of a deceased employee) may
2 commence a civil action in an appropriate district court
3 of the United States—

4 (1) to enjoin the employer from carrying such
5 a policy; and

6 (2) to obtain damages in an amount that is the
7 greater of \$500,000 or—

8 (A) in the case of a deceased employee, 3
9 times the amount of any benefit paid or payable
10 to the employer from the employer-owned life
11 insurance policy; or

12 (B) in the case of an employee who has not
13 died, 3 times the amount of any benefit that
14 would be payable to the employer from the em-
15 ployer-owned life insurance policy if the em-
16 ployee had died on the day on which such ac-
17 tion was commenced.

18 **SEC. 5. DEFINITIONS.**

19 As used in this Act—

20 (1) the terms “employer” and “employee” have
21 the meaning given such terms in section 3 of the
22 Fair Labor Standards Act of 1938 (29 U.S.C. 203);
23 and

24 (2) the term “employer-owned life insurance
25 policy” means a life insurance policy purchased by

1 an employer where the insured is an employee of the
2 employer and the beneficiary is the employer.

3 **SEC. 6. GAO STUDY.**

4 The Comptroller General shall study the incidence of
5 employers carrying employer-owned life insurance policies
6 on their employees, the effect of this Act on such practices,
7 and the number of actions brought under section 4 during
8 the first 2-year period following the date of enactment of
9 this Act. In conducting such a study, the Comptroller Gen-
10 eral shall consult with the Internal Revenue Service re-
11 garding information on such policies that has been re-
12 ported to the Service. Upon conclusion of the study, the
13 Comptroller General shall transmit to Congress a report
14 assessing the efficacy of this Act in eliminating or limiting
15 employer-owned life insurance policies.

16 **SEC. 7. EFFECTIVE DATE.**

17 This Act shall take effect 90 days after the date of
18 its enactment.

19 **SEC. 8. CRIMINAL PENALTIES.**

20 Any employer who commits a violation of section 2(a)
21 upon conviction thereof, shall be deemed guilty of a mis-
22 demeanor and shall be fined \$500,000 and imprisoned for
23 up to 1 year.

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