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National Council of Insurance Legislators (NCOIL)

Employer-Sponsored Group Disability Income Protection Model Act

**Adopted by the NCOIL Health, Long-Term Care & Retirement Issues Committee on November 19, 2016 and the NCOIL Executive Committee on November 20, 2016. Re-adopted by the Health Committee on April 17, 2021 and the Executive Committee on April 18, 2021. Re-adopted on July 17, 2021. Readopted by the Health Insurance & Long Term Care Issues Committee on April 17, 2026 and the by the Executive Committee on April 19, 2026.*

**Sponsored by Rep. George Keiser (ND)*

Section 1. Purpose

The legislature finds that this state's residents, government, taxpayers, employers, workers, and their families share a common interest in protecting workers' income against the effect of disabling illness and injury. It is therefore the intent of the Legislature to provide tax incentives to encourage employers to establish group disability income protection plans for their employees and to enroll eligible employees in those plans.

Section 2. Definitions.

A. "Group disability income protection plan" means a group short-term disability policy and/or a group long-term disability policy instituted by an employer to provide income benefits to employee(s) unable to work for an extended period of time due to illness or accident.

B. "Employer" means [reference to applicable definition found in existing state code].

C. "Employee" means [reference to applicable definition found in existing state code].

Section 3. Tax Incentives for Employer Establishment of Disability Income Protection Plan

A. An employer in this state, who establishes a group disability income protection plan after the effective date of this Act, shall be allowed a credit against annual state income tax liability in an amount equal to 25 percent of the costs of establishing and administering a group disability income plan for employees.

B. Amounts paid by an employer to defray disability income protection plan premiums shall not be included in costs when calculating the amount of tax credit allowed.

C. An employer who has established a group disability income protection plan for employees may claim tax credit under this section for no more than three years.

Section 4. Employer Tax Incentives for Employee Enrollment in Disability Income Protection Plan

A. An employer in this state, who establishes a group disability income protection plan for employees after the effective date of this Act, or re-opens an existing plan for new enrollees, shall be allowed a credit against annual state income tax liability in an amount of \$100 for each employee newly enrolled in such group disability income plan.

B. For purposes of calculating an employer's tax credit under this Act, only employees enrolled for the entire tax year and employees newly enrolled upon becoming eligible and enrolled through the end of the tax year shall be considered enrolled.

C. Under this Section, an employer may receive a credit against annual state income tax liability of not more than \$10,000 for any tax year.

D. Under this Section, an employer may receive a credit against annual state income tax liability for no more than three years.

[Drafting Note: If state financial resources require a more limited tax credit, either Section 3 or Section 4 could be eliminated.]

Section 5. Effective Date

This Act shall become effective on _____.