

VIRGINIA ACTS OF ASSEMBLY -- 2001 SESSION

CHAPTER 696

An Act to amend and reenact §§ 51.1-505, 51.1-512, and 51.1-512.1 of the Code of Virginia, relating to life and accident insurance for state employees and retirees.

[H 1960]

Approved March 26, 2001

Be it enacted by the General Assembly of Virginia:

1. That §§ 51.1-505, 51.1-512, and 51.1-512.1 of the Code of Virginia are amended and reenacted as follows:

§ 51.1-505. Amounts of life and accident insurance for each employee; reduction and termination of insurance.

A. Each employee to whom this chapter applies shall, subject to the terms and conditions thereof, be eligible to be insured for an amount of group life insurance plus an amount of group accidental death and dismemberment insurance, each amount equal to twice the amount of his annual salary. If an employee's annual salary is not an even multiple of \$1,000, his annual salary for purposes of this section shall be considered to be the next higher \$1,000. For purposes of this section, the annual salary of a member of the General Assembly shall be his creditable compensation for his last full calendar year of service or his salary under § 30-19.11, whichever is greater, and shall include the full amount of any salaries payable to such member for working in covered positions, regardless of whether such salaries were paid, reduced, or not paid because of such member's service in the General Assembly. The annual salary for an employee retired for service or disability on an immediate retirement allowance may be adjusted by the Board in accordance with the provisions of Chapter 1 (§ 51.1-124.1 et seq.) of this title.

Subject to the conditions and limitations of the group insurance policy, the accidental death and dismemberment insurance shall provide payments as follows:

Loss	Amount Payable
For loss of life	Full amount determined in accordance with the provisions of this section
Loss of one hand or of one foot or loss of sight of one eye	One-half of the amount determined in accordance with the provisions of this section
Loss of two or more such members	Full amount determined in accordance with the provisions of this section.

For any one accident, the aggregate amount of accidental death and dismemberment insurance that may be paid shall not exceed the maximum amount of accidental death and dismemberment insurance determined in accordance with this section.

Notwithstanding the provisions of § 51.1-124.8, the amount of life insurance for which an employee shall be eligible shall be equal to twice the amount of his annual salary without regard to the date of the employee's qualification for a retirement allowance.

B. The amount of life insurance on an employee who retires for service on an immediate retirement allowance or who elects to postpone the receipt of his retirement allowance to some date other than his last day of service shall be the amount set forth in subsection A, reduced by an amount equal to ~~two~~ *twenty-five* percent thereof ~~for each full calendar month on January 1 of the first full year~~ following the date the employee is separated from service *and each year thereafter*. The amount of life insurance on an employee who retires for disability on an immediate retirement allowance shall be the amount set forth in subsection A on the date the employee last rendered service reduced by an amount equal to ~~two~~ *twenty-five* percent thereof ~~for each full calendar month on January 1 of the first full year~~ following the date the employee attains age sixty-five, *and each year thereafter*. If the employee by statute or Board regulation has been construed to be in service to the beginning of the next school year, the reduction shall not apply until the beginning of the next school year. The reduction shall not decrease the amount of life insurance on an employee to less than twenty-five percent of the amount of life insurance to which the *initial* reduction is applied. For purposes of this subsection, an employee shall be deemed to have retired only if the employee has five or more years of continuous service as an employee prior to the date of retirement. This requirement shall not be applicable if the employee is retired for disability.

Any employee who was denied membership in the Retirement System because of having attained age sixty at the time of being employed or reemployed and who has five or more years of continuous service immediately prior to separation from service shall retain the life insurance coverage as though he had retired on an immediate retirement allowance.

C. The amount of life insurance for an employee who is retired for disability on an immediate retirement allowance, who also has attained age fifty-five, and who elects to receive a retirement allowance as set forth in subsection C of § 51.1-160, shall be reduced as set forth in subsection B of this section. The reduction shall begin ~~at the end of the first full calendar month on January 1 of the first full year~~ following the date the employee elects a service retirement allowance.

D. All accidental death and dismemberment insurance on an employee shall cease upon the earliest of (i) his separation from service, (ii) his failure to pay, in the manner prescribed by the Board, the contribution required for the first twenty-four months of leave without pay, (iii) if the employee has not returned to pay status, the expiration of twenty-four months of leave without pay, or (iv) his retirement.

E. Except in case of retirement as provided in subsections B and C of this section, all life insurance on an employee shall cease upon the earliest of (i) his separation from service, or (ii) his failure to pay, in the manner prescribed by the Board, the contribution required for the first twenty-four months of leave without pay, or, (iii) if the employee has not returned to pay status, the expiration of twenty-four months of leave without pay. Except in the case of retirement, life insurance shall be subject to a temporary extension of thirty-one days. During this thirty-one-day extension, the employee may convert his life insurance into an individual policy of life insurance (without disability or other supplementary benefits) in any one of the forms, except term insurance, then customarily issued by the insuring company. The amount of life insurance which may be converted shall not exceed the amount of his life insurance under the group insurance policy at the time coverage is terminated. The insurance shall be converted to an individual policy (i) without evidence of insurability, (ii) at the premium applicable to the class of risk to which he belongs, and (iii) to the form and amount of the individual policy at his then attained age, provided application for the individual policy and payment of the first premium thereon is made to the issuing company within the thirty-one days. The right to convert to an individual policy as provided in § 38.2-3333 shall not apply upon termination of this group policy or elimination of a class of insured employees.

The amount of life insurance on each insured employee who retires shall be determined under the provisions of this chapter as it exists on the employee's date of retirement.

F. Each employee of a state institution of higher education or of a local school board who remains in service until the completion of the school year and who makes contributions required to provide insurance coverage until service normally will be resumed the beginning of the next school year shall be deemed to be in service as an employee through the period to which the payments apply. If the employee is retired for service or disability during this period, contributions made by the employee shall be accepted and retained as proper.

G. That the provisions of this section shall apply to all members of the Virginia Retirement System who, on and after July 1, 1995, are covered under the group life insurance program created pursuant to this section and whose effective date of retirement is (i) before July 1, 1970, or (ii) on and after July 1, 1970.

§ 51.1-512. Optional life insurance.

A. The Board shall, under the terms and conditions specified ~~in this chapter by the Board~~, make available to each active insured employee optional life, accidental death, and dismemberment insurance in incremental amounts ~~up to four times the employee's annual salary~~, not to exceed a total of \$500,000 of additional insurance. Such maximum shall be ~~increased~~ *reviewed* every ~~other~~ *even* calendar year, ~~beginning January 1, 1998, to an amount recommended by the actuary of the Virginia Retirement System and increased by the Board upon the recommendation of the actuary. The amount recommended by the actuary shall be based upon the annual increases in the United States Average Consumer Price Index for all items, all urban consumers (CPI-U), as published by the Bureau of Labor Statistics of the United States Department of Labor. If an employee's annual salary is not an even multiple of \$1,000, his annual salary for purposes of this section shall be considered to be the next higher \$1,000. For purposes of this section and § 51.1-512.1, the annual salary of a member of the General Assembly and for an employee retired for service or disability on an immediate retirement allowance shall be determined as provided in § 51.1-505.~~

B. The optional life, accidental death, and dismemberment insurance shall be made available to each active insured employee under conditions prescribed by the Board. The conditions prescribed by the Board shall provide that offering the optional insurance does not materially increase the rates for any group life insurance policy provided pursuant to § 51.1-505. ~~Optional amounts of insurance shall not be made available to any employee retired for service.~~

C. All optional insurance on an employee shall cease upon the earliest of ~~(i) the date the employee retires for service or (ii) earlier of (i) the date the employee's basic coverage ceases or (ii) the date insurance being continued in retirement terminates pursuant to subsections D and E.~~

D. The optional amount of life insurance in force on an employee who retires for disability on an immediate retirement allowance may be continued, subject to payment of any required premium by the employee, during continuance of such disability but not beyond the end of the month in which the employee attains age sixty-five.

D. During any period in which an active employee has the optional insurance in force, the full cost

thereof shall be withheld from his salary. During any period in which an employee continues optional life insurance after retiring for disability on an immediate retirement allowance, the full cost thereof shall be withheld from his retirement allowance.

E. The optional amount of life insurance in force on an employee who retires for service on an immediate retirement allowance, or for an employee who retired for disability on an immediate retirement allowance and who attains age sixty-five, may be continued provided the retiree was continuously insured under this section for a period of at least sixty continuous months prior to retirement, or prior to reaching age sixty-five for a disability retirement. This continued insurance shall be in incremental amounts not to exceed \$200,000 and the amounts and corresponding maximum coverage shall reduce beginning at age sixty-five as determined by the Board. This maximum coverage amount shall be reviewed every even calendar year as provided for under subsection A. The life insurance continued under this subsection shall cease upon the earliest of (i) the date the retiree attains age eighty, (ii) lapse for nonpayment of premium, or (iii) return to employment and eligibility for active employee life insurance under Chapter 5 (§ 51.1-500 et seq.) of Title 51.1. All accidental death and dismemberment insurance shall cease at retirement.

~~E. F.~~ The cost of the optional insurance shall be determined periodically by the Board on the basis it considers appropriate. ~~On or after July 1, 1998,~~ The Board may discontinue the optional insurance plan at any time upon determination that employee participation is not sufficient to continue the plan on a sound actuarial basis.

~~F. G.~~ The amount of optional life, accidental death, and dismemberment insurance in force on any employee at the date of his death shall be paid as provided in this chapter.

~~G. H.~~ The Board shall determine the form and content of the accounting reports to be made by the insurance company with respect to the optional insurance. Any expenses incurred by the Retirement System for operating and administering the optional insurance programs provided in this section may be recovered by the Board from the advance premium deposit reserve required by subsection B of § 51.1-514.

§ 51.1-512.1. Optional life insurance for the spouse and minor dependents of employees.

A. The Board shall, under the terms and conditions specified ~~in this chapter~~ *by the Board*, make available to any active insured employee optional life, accidental death, and dismemberment insurance on the employee's spouse and minor dependents in the following amounts:

1. For the spouse of an active insured employee: an amount up to fifty percent of the maximum amount of optional insurance available to the employee under § 51.1-512.

2. For any minor dependent of an active insured employee: ~~\$5,000, \$10,000, or \$15,000 in increments specified by the Board.~~ The Board shall adjust these amounts periodically to account for changes in the purchasing power of money over time.

~~B. The optional life, accidental death, and dismemberment insurance on the employee's spouse and minor dependents shall be made available for purchase by each active insured employee under conditions prescribed by the Board.~~

~~C. B.~~ All optional insurance on an employee's spouse shall cease upon the earliest of ~~(i) the date the employee retires from service, (ii) (i) the date the employee's basic coverage ceases, or (iii) (ii) the entry of a final divorce decree terminating the marriage of the employee and the employee's spouse, or (iii) the date the insurance being continued in retirement terminates pursuant to subsections C and D.~~ All optional insurance on an employee's minor dependent shall cease upon the earliest of ~~(i) the date the employee retires for service, (ii) (i) the minor dependent attains the age of twenty-one, unless the minor dependent is a full-time college student, then age twenty-five or unless the minor dependent is under a mental or physical disability, in which event coverage shall not terminate until three months following cessation of the disability, (iii) (ii) marriage of the minor dependent, or (iv) (iii) the date the employee's basic coverage ceases.~~

C. Subject to foregoing limitations, the optional amount of life insurance in force on the spouse or minor dependent of an employee who retires for disability on an immediate retirement allowance may be continued, subject to payment of any required premium by the employee, during continuance of such disability but not beyond the end of the month in which the employee attains age sixty-five.

D. During any period in which an active employee has optional insurance in force on the employee's spouse or minor dependent, the full cost thereof shall be withheld from the employee's salary. During any period in which an employee continues optional life insurance on the employee's spouse or minor dependent after retiring for disability on an immediate retirement allowance, the full cost thereof shall be withheld from the employee's retirement allowance.

D. Subject to the foregoing limitations, the optional amount of life insurance in force on the spouse or minor dependent of an employee who retires for service on an immediate retirement allowance, or for an employee who retired for disability on an immediate retirement allowance who attains age sixty-five, may be continued, subject to payment of any required premium by the employee, and provided the employee had such spouse or dependent insurance for a period of at least sixty continuous months prior to retirement, or prior to reaching age sixty-five for a disability retirement. Life insurance on the spouse that is eligible to be continued shall be an amount specified by the Board and available to the

retiree under § 51.1-512 and shall begin to reduce when the retiree attains age sixty-five under the terms and conditions specified by the Board. Life insurance on dependent children that is eligible to be continued shall be in increments as specified by the Board. The Board shall adjust these amounts periodically to account for changes in the purchasing power of money over time. All optional life insurance on a retiree's spouse or dependent ceases at the earliest of (i) the retiree attaining age eighty, (ii) the death of the retiree, (iii) for a spouse, the entry of a final divorce decree terminating the marriage of the retiree and the retiree's spouse, (iv) for a minor insured dependent, the date the dependent attains the age of twenty-one, unless the minor insured dependent is a full-time college student, then the date the dependent attains age twenty-five, unless the minor insured dependent is under a mental or physical disability, in which case coverage shall not terminate until three months following cessation of the disability, or (v) for a minor insured dependent, the date of his marriage. All accidental death and dismemberment insurance ceases at retirement.

E. The cost of the optional insurance shall be determined periodically by the Board on the basis it considers appropriate. ~~On or after July 1, 1998,~~ The Board may discontinue the optional insurance plan at any time upon determination that employee participation is not sufficient to continue the plan on a sound actuarial basis.

F. The amount of optional life, accidental death, and dismemberment insurance in force on an employee's spouse or minor dependent at the date of his or her death shall be paid as provided in this chapter. *All accidental death and dismemberment insurance ceases at retirement. The amount of optional life insurance in force on the retiree's spouse or minor dependent at the date of his death shall be paid as provided in this chapter.*

G. The Board shall determine the form and content of the accounting reports to be made by the insurance company with respect to the optional insurance. Any expenses incurred by the Retirement System for operating and administering the optional insurance programs provided in this section may be recovered by the Board from the advance premium deposit reserve required by subsection B of § 51.1-514.

H. As used in this section, an employee's "minor dependent" means a child member of the employee's *or retiree's* family who is eligible for coverage under the family membership program offered under policies and procedures of the Department of Human Resource Management governing health insurance plans administered pursuant to § 2.1-20.1 or § 2.1-20.1:02.

I. The provisions of this chapter applicable to the provision of group insurance policies to insure eligible employees *or retirees* shall apply to optional insurance insuring the spouses and minor dependents of eligible employees *or retirees* pursuant to this section, with the respective differences having been considered.