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SENATE BILL NO. 905

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Finance
on January 28, 2003)

(Patron Prior to Substitute—Senator Quayle)

*A BILL to amend and reenact §§ 51.1-155.1 and 51.1-505 of the Code of Virginia, relating to the amount of life and accidental death and dismemberment insurance coverages on employees.***Be it enacted by the General Assembly of Virginia:****1. That §§ 51.1-155.1 and 51.1-505 of the Code of Virginia are amended and reenacted as follows:**

§ 51.1-155.1. Exceptions from general early retirement provisions for certain state employees.

A. Members of the retirement system (i) whose positions are described by subdivision 1 (except members of the Judicial Retirement System (§ 51.1-300 et seq.)), 2 (except members of the Judicial Retirement System (§ 51.1-300 et seq.)), 3, 4 (except officers elected by popular vote), 7, 13, 14, 15, 16, 17, or 20 of § 2.2-2905; (ii) who are agency heads appointed by a state board, state commission, or state council; or (iii) who are school division superintendents appointed by a school board pursuant to § 22.1-60, and (a) who are involuntarily separated from state service and (b) who have ~~twenty~~ 20 or more years of creditable service at the date of separation, may retire with the retirement allowance as provided in subdivision A 1 of § 51.1-155, upon attaining age ~~fifty~~ 50.

B. Any member of the retirement system who (i) serves as chief executive officer of an interstate commission pursuant to Virginia's participation in such commission; (ii) is involuntarily separated from service; and (iii) has ~~twenty~~ 20 or more years of creditable service at the date of separation, may retire without the reduction in retirement allowance required by § 51.1-155 A 2 upon attaining age ~~fifty~~ 50.

C. For the purposes of this section, "involuntary separation" means any dismissal, requested resignation, or failure to obtain reappointment, except in case of a conviction for a felony or crime involving moral turpitude or dishonesty.

D. Any state employee who retires under the provisions of this section on or after January 1, 1994, shall be eligible to participate in the state health insurance program as provided in § 2.2-2818 and receive group life insurance benefits as provided in ~~subsection B~~ of § 51.1-505.

§ 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.

59 B. The amount of life insurance on an employee who retires for service on an immediate retirement
60 allowance or who elects to postpone the receipt of his retirement allowance to some date other than his
61 last day of service shall be the amount set forth in subsection A, reduced by an amount equal to
62 ~~twenty-five~~25 percent thereof on the January 1 following the first full year from the date the employee
63 is separated from service and each January 1 thereafter. The amount of life insurance on an employee
64 who retires for disability on an immediate retirement allowance shall be the amount set forth in
65 subsection A on the date the employee last rendered service reduced by an amount equal to
66 ~~twenty-five~~25 percent thereof on January 1 of the first full year following the date the employee attains
67 age ~~sixty-five~~65, and each January 1 thereafter. If the employee by statute or Board regulation has been
68 construed to be in service to the beginning of the next school year, the reduction shall not apply until
69 the beginning of the next school year. The reduction shall not decrease the amount of life insurance on
70 an employee to less than ~~twenty-five~~25 percent of the amount of life insurance to which the initial
71 reduction is applied. For purposes of this subsection, an employee shall be deemed to have retired only
72 if the employee has ~~five~~ 5 or more years of continuous service as an employee prior to the date of
73 retirement. This requirement shall not be applicable if the employee is retired for disability.

74 Any employee who was denied membership in the Retirement System because of having attained age
75 ~~sixty~~ 60 at the time of being employed or reemployed and who has ~~five~~ 5 or more years of continuous
76 service immediately prior to separation from service shall retain the life insurance coverage as though he
77 had retired on an immediate retirement allowance.

78 C. *For any employee, who at any time has at least 25 years of creditable service in any retirement*
79 *plan administered by the Virginia Retirement System or other Virginia public plan participating in the*
80 *group life program established by this chapter and is employed in a covered position within 24 months*
81 *prior to his retirement earning an annual salary in such position less than the annual salary earned in*
82 *his immediately prior covered position, the amount of group life insurance shall be an amount equal to*
83 *twice the amount of the annual salary earned in his immediately prior covered position. For any*
84 *employee who returns to covered employment after retiring with at least 25 years of creditable service*
85 *in any retirement plan administered by the Virginia Retirement System or other Virginia public plan*
86 *participating in the group life program established by this chapter, the amount of insurance shall be the*
87 *greater of the amount of insurance he would have been eligible for had he remained a retiree or twice*
88 *the amount of his current annual salary.*

89 *The provisions of subsection B providing a reduction in the amount of life insurance shall apply to*
90 *the amount of group life insurance as determined under this subsection for such employees with at least*
91 *25 years of creditable service.*

92 D. The amount of life insurance for an employee who is retired for disability on an immediate
93 retirement allowance, who also has attained age ~~fifty-five~~55, and who elects to receive a retirement
94 allowance as set forth in subsection C of § 51.1-160, shall be reduced as set forth in subsection B of
95 this section. The reduction shall begin the January 1 following the first full year from the date the
96 employee elects a service retirement allowance.

97 E. All accidental death and dismemberment insurance on an employee shall cease upon the earliest
98 of (i) his separation from service, (ii) his failure to pay, in the manner prescribed by the Board, the
99 contribution required for the first ~~twenty-four~~24 months of leave without pay, (iii) if the employee has
100 not returned to pay status, the expiration of ~~twenty-four~~24 months of leave without pay, or (iv) his
101 retirement.

102 F. Except in case of retirement as provided in subsections B ~~and C~~, C, and D of this section, all
103 life insurance on an employee shall cease upon the earliest of (i) his separation from service, or (ii) his
104 failure to pay, in the manner prescribed by the Board, the contribution required for the first
105 ~~twenty-four~~24 months of leave without pay, or, (iii) if the employee has not returned to pay status, the
106 expiration of ~~twenty-four~~24 months of leave without pay. Except in the case of retirement, life insurance
107 shall be subject to a temporary extension of ~~thirty-one~~31 days. During this ~~thirty-one~~31-day extension,
108 the employee may convert his life insurance into an individual policy of life insurance (without
109 disability or other supplementary benefits) in any one of the forms, except term insurance, then
110 customarily issued by the insuring company. The amount of life insurance which may be converted shall
111 not exceed the amount of his life insurance under the group insurance policy at the time coverage is
112 terminated. The insurance shall be converted to an individual policy (a) without evidence of insurability,
113 (b) at the premium applicable to the class of risk to which he belongs, and (c) to the form and amount
114 of the individual policy at his then attained age, provided application for the individual policy and
115 payment of the first premium thereon is made to the issuing company within the ~~thirty-one~~31 days. The
116 right to convert to an individual policy as provided in § 38.2-3333 shall not apply upon termination of
117 this group policy or elimination of a class of insured employees.

118 ~~The~~ Except as provided in subsection C, the amount of life insurance on each insured employee who
119 retires shall be determined under the provisions of this chapter as it exists on the employee's date of
120 retirement.

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

127 GH. That the provisions of this section shall apply to all members of the Virginia Retirement System
128 who, on and after July 1, 1995, are covered under the group life insurance program created pursuant to
129 this section and whose effective date of retirement is (i) before July 1, 1970, or (ii) on and after July 1,
130 1970.

131 **2. That the provisions of this act shall apply to eligible employees who retired or retire on or after**
132 **July 1, 1999, provided that such employees are alive on or after July 1, 2003.**