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HOUSE BILL NO. 199

Offered January 14, 2004

Prefiled January 7, 2004

A BILL to amend and reenact § 51.1-505 of the Code of Virginia, relating to group life and accident insurance for state and local employees.

 Patron—Tata

 Referred to Committee on Appropriations

Be it enacted by the General Assembly of Virginia:**1. That § 51.1-505 of the Code of Virginia is 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 25 percent thereof on the January 1 following the first full year from the date the employee is separated from service and each January 1 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 25 percent thereof on January 1 of the first full year following the date the employee attains age 65, and each January 1 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 25 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 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

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58 60 at the time of being employed or reemployed and who has five or more years of service immediately
59 prior to separation from service shall retain the life insurance coverage as though he had retired on an
60 immediate retirement allowance.

61 C. For any employee, who at any time has at least ~~25~~ 20 years of creditable service in any
62 retirement plan administered by the Virginia Retirement System or other Virginia public plan
63 participating in the group life program established by this chapter and is employed in a covered position
64 within 24 months prior to his retirement earning an annual salary in such position less than the annual
65 salary earned in his immediately prior covered position, the amount of group life insurance shall be an
66 amount equal to twice the amount of the *highest* annual salary earned in his immediately prior covered
67 position during such employment. For any employee who returns to covered employment after retiring
68 with at least 25 20 years of creditable service in any retirement plan administered by the Virginia
69 Retirement System or other Virginia public plan participating in the group life program established by
70 this chapter, the amount of insurance shall be the greater of the amount of insurance he would have
71 been eligible for had he remained a retiree or twice the amount of his current annual salary.

72 The provisions of subsection B providing a reduction in the amount of life insurance shall apply to
73 the amount of group life insurance as determined under this subsection for such employees with at least
74 25 years of creditable service.

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

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

84 F. Except in case of retirement as provided in subsections B, C, and D of this section, all life
85 insurance on an employee shall cease upon the earliest of (i) his separation from service, or (ii) his
86 failure to pay, in the manner prescribed by the Board, the contribution required for the first 24 months
87 of leave without pay, or, (iii) if the employee has not returned to pay status, the expiration of 24 months
88 of leave without pay. Except in the case of retirement, life insurance shall be subject to a temporary
89 extension of 31 days. During this 31 -day extension, the employee may convert his life insurance into
90 an individual policy of life insurance (without disability or other supplementary benefits) in any one of
91 the forms, except term insurance, then customarily issued by the insuring company. The amount of life
92 insurance which may be converted shall not exceed the amount of his life insurance under the group
93 insurance policy at the time coverage is terminated. The insurance shall be converted to an individual
94 policy (a) without evidence of insurability, (b) at the premium applicable to the class of risk to which he
95 belongs, and (c) to the form and amount of the individual policy at his then attained age, provided
96 application for the individual policy and payment of the first premium thereon is made to the issuing
97 company within the 31 days. The right to convert to an individual policy as provided in § 38.2-3333
98 shall not apply upon termination of this group policy or elimination of a class of insured employees.

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

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

108 H. That the provisions of this section shall apply to all members of the Virginia Retirement System
109 who, on and after July 1, 1995, are covered under the group life insurance program created pursuant to
110 this section and whose effective date of retirement is (i) before July 1, 1970, or (ii) on and after July 1,
111 1970.