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SENATE BILL NO. 102

Offered January 8, 2014

Prefiled December 27, 2013

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

 Patron—Ruff

 Referred to Committee on Finance

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.).

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 following the first full year from the date the employee attains his "normal retirement date" as defined in § 51.1-124.3, 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, *provided, however, that the reduction shall not decrease the amount of life insurance to less than \$8,000 for employees with at least 15 years of creditable service, which amount shall be increased by the same percentage or amount of any general salary increases for state employees on the date of such salary increases.* 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

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58 requirement shall not be applicable if the employee is retired for disability.

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

63 C. For any employee who at any time has at least 20 years of creditable service in any retirement
64 plan administered by the Virginia Retirement System or other Virginia public plan participating in the
65 group life program established by this chapter, the amount of group life insurance shall be an amount
66 equal to twice the amount of the highest annual salary earned during such employment.

67 The provisions of subsection B providing a reduction in the amount of life insurance shall apply to
68 the amount of group life insurance as determined under this subsection for such employees with at least
69 20 years of creditable service.

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

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

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

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

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

103 Each state employee of a public institution of higher education or a teaching hospital affiliated with a
104 public institution of higher education who (i) is employed pursuant to a contract (a) that is for a term of
105 employment of at least nine months and (b) that does not coincide with the normal scholastic year, (ii)
106 remains in service until the completion of the contract year, and (iii) makes contributions required to
107 provide insurance coverage until service normally will be resumed at the beginning of the next contract
108 year shall be deemed to be in service as an employee through the period to which the payments apply.
109 If the employee is retired for service or disability during this period, contributions made by the
110 employee shall be accepted and retained as proper.

111 H. The limit of 24 months of leave without pay, after which accidental death and dismemberment
112 insurance and life insurance shall cease, referred to in subsections E and F shall not apply to an
113 employee who is on leave without pay while performing active duty military service in the armed forces
114 of the United States.

115 I. The provisions of this section shall apply to all members of the Virginia Retirement System who,
116 on and after July 1, 1995, are covered under the group life insurance program created pursuant to this
117 section and whose effective date of retirement is (i) before July 1, 1970, or (ii) on and after July 1,
118 1970.