

LD3153701

SENATE BILL NO. 612

Offered January 11, 1995

Prefiled December 7, 1994

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

Patrons—Marye and Lucas

Referred to the 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 § 14.1-17.1, whichever is greater. 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 of this title.

With respect to any employee who is reemployed and insured under this chapter, the otherwise applicable amount of group life insurance shall be reduced by the amount of insurance provided by any policy issued under the conversion privilege pursuant to this chapter.

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

LossAmount Payable

For loss of lifeFull amount determined in
accordance with the provisions of
this section

Loss of one hand orOne-half of the amount
of one foot or lossdetermined in accordance
of sight of one eyewith the provisions of this section

Loss of two orFull amount determined in
more such membersaccordance 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
percent thereof for each full calendar month following the date the employee is separated from service.
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 percent thereof for each full calendar month following the date the
employee attains age sixty-five. 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 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

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

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

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

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

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

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