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## HOUSE BILL NO. 2733

Offered January 21, 1999

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

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Patron—Phillips

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Referred to Committee on General Laws

**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.

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:

Loss Amount Payable For loss of life Full amount determined in accordance with the provisions of this section Loss of one hand or One-half of the amount of one foot or loss determined in accordance of sight of one eye with the provisions of this section Loss of two or Full amount determined in more such members 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 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 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. Notwithstanding paragraph B, an employee may elect to maintain life insurance coverage at the amounts applicable on the last day of employment prior to his retirement date provided that the

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60 *employee pays for any coverage to the extent that it exceeds that amount set forth in paragraph B.*

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

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

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

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

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

94 *GH.* That the provisions of this section shall apply to all members of the Virginia Retirement System  
95 who, on and after July 1, 1995, are covered under the group life insurance program created pursuant to  
96 this section and whose effective date of retirement is (i) before July 1, 1970, or (ii) on and after July 1,  
97 1970.