
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. **165** Session of
1961

INTRODUCED BY MR. McCREESH, FEBRUARY 8, 1961.

REFERRED TO COMMITTEE ON INSURANCE, FEBRUARY 8, 1961.

AN ACT

Providing for group life insurance and group accidental death and dismemberment insurance for State employes establishing the amount of insurance available schedule of payments rates of contribution termination and authorizing the purchase of insurance and the regulation of the funds thereof

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows

EXPLANATION—CAPITAL LETTERS indicate new matter added to bill. Matter stricken through is to be omitted from bill. Underscoring indicates new matter added to existing law. [Brackets] indicate matter stricken from existing law.

1 Section 1 This act shall be known and may be cited as the "Group
2 Insurance for State Employees Act of 1961"

3 Section 2 Definitions The following terms whenever used or re-
4 ferred to in this act shall have the following meanings except in the
5 instances where the context clearly indicates otherwise

6 (1) The term "board" shall mean the State Employees' Retirement
7 Board act of June 27 1923 (P L 858)

8 (2) The term "employee" includes employes of the executive legis-
9 lative and judicial branch of the Commonwealth of Pennsylvania its
10 commissions boards departments and authorities

11 (3) The term "gross compensation" shall not include bonuses al-
12 lowances overtime pay or salary pay or compensation given in addition
13 to the basic pay of the position as fixed by law or regulation and in
14 the case of hourly workers shall be computed on the basis of scheduled
15 required work hours

16 (4) The term "insurance company" means a life insurance com-
17 pany authorized to do business in the Commonwealth of Pennsylvania

18 Section 3 Eligible Employes Every employe of the Commonwealth
19 of Pennsylvania shall at such time and under such conditions of eli-
20 gibility as the board may by regulation prescribe come within the pur-

1 view of this act Such regulations may provide for the exclusion of
2 employes on the basis of the nature and type of employment or con-
3 ditions pertaining thereto such as but not limited to short term ap-
4 pointments seasonable or intermittent employment part-time employ-
5 ment and employment of like nature and shall be issued only after
6 consultation with the head of the department establishment agency or
7 other employing authority concerned No employe or group of employes
8 shall be excluded solely on the basis of the hazardous nature of em-
9 ployment

10 Section 4 Group Insurance Amount of Life and Accident Insur-
11 ance Available Schedule of Payments (a) Each employe to whom
12 this act applies shall be eligible to be insured for an amount of group
13 life insurance approximating his annual gross compensation not exceed-
14 ing twenty thousand dollars (\$20000) plus an equal amount of group
15 accidental death and dismemberment insurance in accordance with the
16 following schedule

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If annual compensation is		The amount of group life insurance shall be	The amount of group accidental death and dismemberment insurance shall be
Greater than	But not greater than		
0	\$ 1,000	\$ 1,000	\$ 1,000
\$ 1,000	2,000	2,000	2,000
2,000	3,000	3,000	3,000
3,000	4,000	4,000	4,000
4,000	5,000	5,000	5,000
5,000	6,000	6,000	6,000
6,000	7,000	7,000	7,000
7,000	8,000	8,000	8,000
8,000	9,000	9,000	9,000
9,000	10,000	10,000	10,000
10,000	11,000	11,000	11,000
11,000	12,000	12,000	12,000

If annual compensation is			The amount of
Greater than	But not greater than	The amount of group life insurance shall be	group accidental death and dismemberment insurance shall be
12,000	13,000	13,000	13,000
13,000	14,000	14,000	14,000
14,000	15,000	15,000	15,000
15,000	16,000	16,000	16,000
16,000	17,000	17,000	17,000
17,000	18,000	18,000	18,000
18,000	19,000	19,000	19,000
19,000		20,000	20,000

(b) Subject to the conditions and limitations of the policy or policies purchased by the board under this act as may be approved by the board the group accidental death and dismemberment insurance shall provide payments as follows

1 (1) For the loss of life full amount shown in this schedule in sub-
2 section (a) of this section

3 (2) Loss of one hand or of one foot or loss of sight of one eye
4 one half the amount shown in the schedule in subsection (a) of this
5 section

6 Loss of two or more such members full amount in the schedule in
7 subsection (a) of this section

8 For any one accident the aggregate amount of group accidental
9 death and dismemberment insurance that may be paid shall not exceed
10 the amount shown in the schedule in subsection (a) of this section

11 (c) The board shall by regulation provide for the conversion of
12 other than annual rates of compensation to an annual basis and shall
13 further specify the types of compensation to be included in annual com-
14 pensation

15 (d) Each of such amounts of insurance shall be reduced by two
16 per centum thereof at the end of each full calendar month following
17 the date the employe attains age sixty-five subject to minimum amounts
18 prescribed by the board but not less than twenty-five per centum of
19 the insurance in force immediately preceding the first reduction pro-
20 vided herein The amounts of insurance in force from time to time on

1 an employe who becomes insured under this act after having attained
2 the age of sixty-five shall be the same as would be in force had he been
3 insured at age sixty-five and shall be based on the lesser of his annual
4 compensation (1) at the time he becomes so insured or (2) at age sixty-
5 five provided he was eligible at that time to be insured under this act

6 Section 5 Death Claims Order of Payment Any amount of group
7 life insurance and group accidental death insurance in force on any
8 employe at the date of his death shall be paid upon the establishment
9 of a valid claim therefor to the person or persons surviving at the date
10 of his death in the following order of procedure

11 (1) To the beneficiary or beneficiaries as the employe may have
12 designated by a writing received in the employing office prior to death

13 (2) If there be no such beneficiary to the widow or widower of
14 such employe

15 (3) If none of the above to the child of such employe and dece-
16 dents of deceased children by representation

17 (4) If none of the above to the parents of such employe or the
18 survivor of them

19 (5) If none of the above to the duly appointed executor or admin-
20 istrator of the estate of such employe

1 (6) If none of the above to other not of kin of such employe en-
2 titled under the laws of domicile of such employe at the time of his
3 death

4 Section 6 Premiums Withholding from Salary Automatic Cover-
5 age Notice of Desire Not to be Insured Insurance Fund (a) During
6 any period in which an employe under age sixty-five is insured under
7 a policy of insurance purchased by the board as authorized in section
8 8 of this act there shall be withheld from each salary payment of such
9 employe as his share of the cost of his group life and accidental death
10 and dismemberment insurance an amount determined by the board but
11 not to exceed the rate of twenty-five cents (25c) biweekly for each one
12 thousand dollars (\$1000) of his group life insurance An employe who
13 is paid on other than a biweekly basis shall have an amount so with-
14 held determined at a proportionate rate which rate shall be adjusted
15 to the nearest cent

16 (b) Any policy of insurance purchased by the commission as au-
17 thorized in section 8 of this act shall provide that all employes eligible
18 under the terms of this act will be automatically insured thereunder
19 commencing on the date they first became so eligible Any employe
20 desiring not to be so insured shall on an appropriate form to be pre-

1 scribed by the board give written notice to his employing office that
2 he desires not to be insured If such notice is received before the em-
3 ploye shall have become insured under such policy he shall not be so
4 insured If it is received after he shall have become insured his insur-
5 ance under the policy will cease effective with the end of the pay period
6 during which the notice is received by the employing office

7 (c) For each period in which any employe is insured under a policy
8 of insurance purchased by the board as authorized in section 8 of this
9 act there shall be contributed from the respective appropriation or
10 fund which is used for his salary wage or other compensation (or in
11 the case of an elected official from such appropriation or fund as may
12 be available for payment of other salaries of the same office or estab-
13 lishment) a sum computed at a rate determined by the board but not
14 to exceed one-half the amount withheld from the employe under this
15 section

16 (d) The sums withheld from employes under subsection (a) of this
17 section and the sums contributed from appropriations and funds under
18 subsection (c) of this section shall be deposited into a special fund The

1 board is authorized to invest and reinvest the moneys in this fund
2 created by this section or any part thereof The interest therefrom
3 shall become a part of the fund

4 Section 7 Termination of Insurance Policy Provisions Conversion

5 (a) Each policy purchased under this act shall contain a provision in
6 terms approved by the board to the effect that any insurance there-
7 under on any employe shall cease upon his separation from employment
8 subject to a provision which shall be contained in the policy for tem-
9 porary extension of coverage and for conversion to an individual policy
10 of life insurance under conditions approved by the board

11 (b) If upon such date as the insurance would otherwise cease the
12 employe retires in accordance with any retirement plan for State em-
13 ployes his life insurance only may under conditions determined by the
14 board be continued without cost to him in the amounts for which he
15 would have been insured from time to time had his salary payments
16 continued at the same rate as on the date of cessation

17 Section 8 Policies Purchases from Private Companies Reinsurance

18 Discontinuance (a) The board is authorized to purchase from one or
19 more life insurance companies as determined by it a policy of group

1 life insurance and accidental death and dismemberment insurance to
2 provide the benefits specified in this act

3 (b) The life insurance company or companies issuing such policy
4 or policies shall establish an administrative office under a name approved
5 by the board

6 (c) The board shall arrange with the life insurance company or
7 companies issuing any policy or policies purchased under this act to
8 reinsure under conditions approved by it with such other life insurance
9 companies that may elect to participate in such reinsurance

10 The board may at any time discontinue any policy or policies it
11 has purchased from any insurance company

12 Section 9 Regulations Except as otherwise provided herein the
13 board is authorized to promulgate such regulations as may be necessary
14 and proper to give effect to the intent purposes and provisions of this act

15 Section 10 Benefit Certificates Contents Issuance The board shall
16 arrange to have each employe insured under such policy receive a cer-
17 tificate setting forth the benefits to which the employe is entitled there-
18 under to whom such benefits shall be payable to whom claims should
19 be submitted and summarizing the provisions of the policy principally
20 affecting the employe Such certificate shall be in lieu of the certificate

- 1 which the insurance company or companies would otherwise be required
- 2 to issue

We certify that this bill has passed the Senate and the House of Representatives.

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Chief Clerk, Senate

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President pro tempore, Senate

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Speaker, House of Representatives

Approved The day of A. D. 1961.

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Governor