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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No.

195

Session of

1961

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MESSRS. WEINER AND RIPP, IN PLACE,  
FEBRUARY 13, 1961.

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AS AMENDED ON THIRD READING, AUGUST 8, 1951.

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AN ACT

Providing for group life insurance for State employes establishing a schedule providing for payment providing for reduction of insurance upon retirement authorizing the Secretary of the Commonwealth to act as exclusive broker for the purpose of contracting for insurance and providing for administration and advisory services by the Department of State

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

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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 Group Life Insurance for State Employees The De-  
2 partment of State with the approval of the Governor with the ad-  
3 vice of the Auditor General Attorney General and of the Insur-  
4 ance Commissioner shall procure from one or more life insurance  
5 companies authorized to do business in the Commonwealth of Penn-  
6 sylvania a policy or policies of group life insurance covering full-  
7 time permanent employes of the executive legislative and judicial branch  
8 of the Commonwealth of Pennsylvania its commissions boards depart-  
9 ments and authorities For the purposes of this act the term "employees"  
10 shall include the members of the General Assembly Each such employe  
11 in active service shall be eligible for insurance under sections 1 to  
12 5 inclusive provided he shall have completed six months continuous  
13 service as such employe Seasonal and part-time employes and any em-  
14 ploye insured on the effective date of this act under any policy the  
15 premium of which is paid in whole or in part by the State or any  
16 authority thereof shall not be eligible

17 Section 2 Amount of Insurance The maximum amount of such  
18 life insurance for any insured employe shall be based on the employe's  
19 yearly gross compensation rate in accordance with the following schedule

20 Schedule of Group Life Insurance

1	Amount of		
2	Class	Yearly Gross Compensation	Life Insurance
3	1	less than \$2500	\$2500
4	2	\$2500 to 3499	3000
5	3	3500 to 4499	4000
6	4	4500 to 5499	5000
7	5	5500 to 6499	6000
8	6	6500 to 7499	7000
9	7	7500 to 8499	8000
10	8	8500 and over	10000

11 Any increase in the amount of life insurance made possible by an  
 12 increase in compensation shall take effect on the next succeeding policy  
 13 anniversary but no reduction in the amount of life insurance shall  
 14 be required on account of a reduction in compensation For the pur-  
 15 pose of this section yearly gross compensation shall not include any  
 16 overtime pay and in the case of hourly workers shall be computed on  
 17 the basis of scheduled required work hours

18 Section 3 Contributions Each employe so insured shall pay EITHER  
 19 DIRECTLY OR BY MEANS OF A PAYROLL DEDUCTION AU-  
 20 THORIZED BY THE EMPLOYE the cost of the insurance each

1 month for each thousand dollars of the employe's life insurance in  
2 such an amount as may be determined from time to time on the  
3 basis of the actual total costs of the insurance policy or policies con-  
4 tracted for by the State Such costs shall reflect any dividends brokerage  
5 fees or commissions or other refunds received in excess of the State's  
6 administrative costs

7 Section 4 Reduction of Insurance on Retirement The insurance  
8 on any insured employe shall cease on termination of employment  
9 subject to any conversion privilege provided in the group life insurance  
10 policy or policies Notwithstanding anything to the contrary in this act  
11 the amount of insurance of insured employes retired in accordance with  
12 any retirement plan for State employes shall be one-half of the amount  
13 for which the employe was insured immediately before retirement or  
14 two thousand dollars (\$2000) whichever is less provided in neither case  
15 shall a retired employe be required to contribute toward the cost of  
16 any such insurance

17 Section 5 All Employes to be Automatically Insured Any policy  
18 of insurance purchased as authorized in this act shall provide that all  
19 employes eligible under the terms of this act will be automatically in-

1   sured thereunder commencing on the date they first became so eligible  
2   Any employe desiring not to be so insured shall on an appropriate form  
3   to be prescribed by the board give written notice to his employing  
4   office that he desires not to be insured If such notice is received be-  
5   fore the employe shall have become insured under such policy he shall  
6   not be so insured if it is received after he shall have become insured  
7   His insurance under the policy will cease effective with the end of the  
8   pay period during which the notice is received by the employing office

9       Section 6 Secretary of the Commonwealth to be Broker Fees The  
10   Secretary of the Commonwealth is hereby authorized and his duty shall  
11   be to transact all business necessary for the purpose of contracting for  
12   insurance under the provisions of this act and his powers and duties to  
13   act in this capacity shall be exclusive

14       The life insurance company or companies from whom such insur-  
15   ance is procured shall compute commissions in accordance with their  
16   standard practice followed in other similar plans The said commissions  
17   shall not be paid to any one or more life insurance agents but shall be  
18   paid to the Secretary of the Commonwealth to be used by him to offset  
19   administrative and other expenses incurred in the administration of

1 the insurance plan by the Department of State The residue over and  
2 above the amount necessary to offset administrative and other expenses  
3 incurred in the administration of the plan if any shall be used to reduce  
4 the cost of such insurance

5 Section 7 Consulting Service The Secretary of the Commonwealth  
6 shall establish and maintain within the Department of State a bureau  
7 with trained personnel for the purpose of consulting with and advising  
8 State employes concerning the insurance authorized by this act and  
9 related problems

10 Section 8 Effective Date This act shall take effect immediately

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