

No. 1984-192

AN ACT

SB 814

Amending the act of September 26, 1961 (P.L.1661, No.692), entitled "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 Property and Supplies to act as exclusive agent for the purpose of contracting for insurance; and providing for administration and advisory services by the Department of Property and Supplies," further providing for conformity of the group life insurance plan with Federal laws; and removing certain limitations.

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

Section 1. The title of the act of September 26, 1961 (P.L.1661, No.692), entitled "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 Property and Supplies to act as exclusive agent for the purpose of contracting for insurance; and providing for administration and advisory services by the Department of Property and Supplies," reenacted and amended July 31, 1968 (P.L.691, No.229), is amended to read:

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 Property and Supplies to act as exclusive agent for the purpose of contracting for insurance;]** and providing for administration and advisory services by the Department of **[Property and Supplies]** *General Services*.

Section 2. The act is amended by adding a section to read:

Section 1. Short Title.—This act shall be known and may be cited as the State Employes Group Life Insurance Law.

Section 3. Sections 1, 2, 3, 4, 5, 6, 7 and 8 of the act are renumbered and amended to read:

Section **[1]** 2. Group Life Insurance for State Employes.—The Department of **[Property and Supplies]** *General Services*, with the approval of the Governor[,] and with the advice of the **[Auditor General, Attorney General and of the]** Insurance Commissioner, shall procure from one or more life insurance companies, authorized to do business in the Commonwealth of Pennsylvania, a policy or policies of group life insurance covering permanent, *continuously scheduled* employes of the executive, legislative and judicial **[branch] branches** of the Commonwealth of Pennsylvania, its commissions, boards, departments, and authorities. For the **[purposes]** *purpose* of this act, the term "employes" shall include the members of the General

Assembly. Each such employe in active service shall be eligible for insurance under sections [1 to 5] 2 to 6, inclusive, provided he shall have completed three months continuous service as such employe. **[Seasonal and temporary employes and any employe insured under any other group life policy, the premium of which is paid, in whole or in part, by the State or any authority thereof,] Temporary employes** shall not be eligible.

Section [2] 3. Amount of Insurance.—(a) The amount of such life insurance for any **[insured] eligible** employe shall be based on the employe's **[yearly gross compensation] annual pay rate** from the State in accordance with the following schedule:

[Schedule of Group Life Insurance]		
Class	[Yearly Gross Compensation] Annual Pay Rate	Amount of Life Insurance
1	less than \$2500	\$2500
2	\$2500 and less than 3500	3000
3	3500 and less than 4500	4000
4	4500 and less than 5500	5000
5	5500 and less than 6500	6000
6	6500 and less than 7500	7000
7	7500 and less than 8500	8000
8	8500 and less than 9500	9000
9	9500 and less than 10500	10000
10	10500 and less than 11500	11000
11	11500 and less than 12500	12000
12	12500 and less than 13500	13000
13	13500 and less than 14500	14000
14	14500 and less than 15500	15000
15	15500 and less than 16500	16000
16	16500 and less than 17500	17000
17	17500 and less than 18500	18000
18	18500 and less than 19500	19000
19	19500 and [over] less than 20500	20000
20	20500 and less than 21500	21000
21	21500 and less than 22500	22000
22	22500 and less than 23500	23000
23	23500 and less than 24500	24000
24	24500 and less than 25500	25000
25	25500 and less than 26500	26000
26	26500 and less than 27500	27000
27	27500 and less than 28500	28000
28	28500 and less than 29500	29000
29	29500 and less than 30500	30000
30	30500 and less than 31500	31000
31	31500 and less than 32500	32000
32	32500 and less than 33500	33000
33	33500 and less than 34500	34000
34	34500 and less than 35500	35000

35	35500 and less than 36500	36000
36	36500 and less than 37500	37000
37	37500 and less than 38500	38000
38	38500 and less than 39500	39000
39	39500 and over	40000

(b) The amount of such life insurance for any **[insured] eligible** employe **[sixty-five] seventy** years of age or older shall be one-half the amount of life insurance provided under the above schedule.

(c) Any **[increase] change** in the amount of life insurance made **[possible by an increase in compensation] necessary by a change in pay** shall take effect on the next succeeding **[policy] program** anniversary. **[, but no reduction in the amount of life insurance shall be required on account of a reduction in compensation but if such reduction is requested the reduction shall take effect on the next succeeding policy anniversary.]** For the purpose of this section, **[yearly gross compensation] annual pay rate** shall **[not include any mileage reimbursement or overtime pay, and in the case of hourly workers, shall be computed on the basis of scheduled required work hours] mean base pay rate annualized and, in the case of hourly employes, shall be computed on the basis of expected work hours.**

Section **[3] 4**. Contributions.—Each employe so insured shall pay, either directly or by means of a payroll deduction authorized by the employe, the cost of the insurance in such an amount, as may be determined from time to time on the basis of the actual total costs of the insurance policy or policies contracted for by the State: Provided, That **[the employe's contribution shall not exceed twenty cents (20¢) bi-weekly for each thousand dollars (\$1000) of insurance. The contribution of an employe who is paid on other than a bi-weekly basis shall not exceed the equivalent of twenty cents (20¢) bi-weekly for each thousand dollars (\$1000) of insurance, adjusted to the nearest cent. There shall be contributed from the respective appropriations or other legislative or executive authorizations which are made available for this purpose an amount equal to the difference between the employe's contribution and the cost of the insurance] the Commonwealth may agree to pay all or any of the costs for such life insurance.**

Section **[4] 5**. Termination of **[Employment] Life Insurance**.—The insurance on any **[insured] eligible** employe shall cease on termination of employment **[, subject to any conversion privilege provided in the group life insurance policy or policies: Provided, That the insurance may remain in effect during periods of suspension and during continuous periods of leave of absence without pay which do not exceed twelve months] or upon nonpayment of any contribution due from an employe or after twelve continuous months of unpaid absence, subject to any conversion privilege, provided that the life insurance will be continued for employes who terminate after becoming permanently and totally disabled while covered under this program.**

Section **[5] 6**. All Employes to Be Automatically **[Insured] Covered**.—Any policy of insurance purchased as authorized **[in] by** this act shall provide that all employes eligible under the terms of this act will be automatically **[insured] covered** thereunder commencing on the date they first became so

eligible. Any employe desiring not to be so insured shall, on an appropriate form to be prescribed, give written notice to his employing office that he desires not to be insured. If such notice is received before the employe shall have become insured under such policy, he shall not be so insured; if it is received after he shall have become insured, his insurance under the policy will cease effective with the end of the pay period during which the notice is received by the employing office.

Section **[6] 7.** Secretary of **[Property and Supplies to Be] General Services to be** Agent.—*(a)* The Secretary of **[Property and Supplies] General Services** is hereby authorized, and his duty shall be to transact all business necessary for the purpose of contracting for insurance under the provisions of this act, and his powers and duties to act in this capacity shall be exclusive.

(b) The life insurance company or companies from whom such insurance is procured shall compute commissions in accordance with their standard practice followed in other similar plans. The said commissions shall be paid to the Secretary of **[Property and Supplies] General Services** to offset administrative and other expenses incurred in the administration of the insurance plan. **[The residue over and above the amount necessary to offset administrative and other expenses incurred in the administration of the plan shall be used to reduce the cost of such insurance.]**

Section **[7] 8.** Applicability of Insurance Laws.—**[Except as otherwise specifically provided, all]** *All* insurance contracted under the provisions of this act shall be subject to the laws of this Commonwealth relating to insurance.

Section **[8] 9.** Effective Date.—This act shall take effect immediately.

Section 4. This act shall take effect in 90 days.

APPROVED—The 12th day of December, A. D. 1984.

DICK THORNBURGH