

No. 1985-82

## AN ACT

## HB 1296

Amending the act of June 24, 1931 (P.L.1206, No.331), entitled "An act concerning townships of the first class; amending, revising, consolidating, and changing the law relating thereto," providing for contracts for life, health, hospitalization, medical services and accident insurance for township commissioners.

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

Section 1. Clause LXIII of section 1502 of the act of June 24, 1931 (P.L.1206, No.331), known as The First Class Township Code, reenacted and amended May 27, 1949 (P.L.1955, No.569), added August 18, 1967 (P.L.244, No.96), is amended to read:

Section 1502. The corporate power of a township of the first class shall be vested in the board of township commissioners. The board shall have power.—

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LXIII. Insurance. To expend out of the general township fund such amount as may be necessary to secure workmen's compensation insurance for its employes, including volunteer firemen of companies duly recognized by the township by motion or resolution killed or injured while going to, returning from or attending fires, or while performing any other duties authorized by the township; to make contracts of insurance with any fire insurance company, duly authorized by law to transact business in the Commonwealth of Pennsylvania, on any building or property owned by such township, to make contracts with any insurance company, so authorized, insuring any public liability of the township, and to make contracts of insurance with any insurance company, or nonprofit hospitalization corporation, or nonprofit medical service corporation, authorized to transact business within the Commonwealth, insuring its employes, or any class or classes thereof, or their dependents, under a policy or policies of group insurance covering life, health, hospitalization, medical and surgical service, or accident insurance, and may contract with any such company, granting annuities or pensions, for the pensioning of such employes, or any class or classes thereof, and for such purposes, may agree to pay part or all of the premiums or charges for carrying such contracts, premiums, or charges, or portions thereof. The commissioners are hereby authorized, enabled and permitted to deduct from the employe's pay, salary or compensation such part of the premium or charge, as is payable by the employe, and as may be so authorized by the employe in writing. *As used in this clause, the terms "employe" and "employes" shall include township commissioners, if the commissioner works on a full-time basis in his capacity as superintendent, road master, laborer or secretary for the township. Such commissioners eligible for inclu-*

sion in such plans must meet the same requirements, including hours of employment, as other full-time employes of the township. Other commissioners shall be eligible for inclusion under a policy or policies of group insurance covering life, health, hospitalization, medical and surgical service or accident insurance only if they pay their pro rata share of the premiums. Such insurance shall be uniformly applicable to those covered and shall not give eligibility preference to, or improperly discriminate in favor of, commissioners. As used in this clause, the terms "employee" and "employes" exclude independent contractors and all township engineers and solicitors. Any life, health, hospitalization, medical service or accident insurance coverage contract entered into by a township between January 1, 1959, and December 31, 1984, that includes or provides coverage for commissioners shall not be void or unlawful solely because of such inclusion of commissioners; nor shall any penalty, assessment, surcharge or disciplinary action of any kind occur as a result of such participation by such commissioners; and insurance benefits payable to insureds or their beneficiaries arising out of or on account of deaths, injuries, accidents or illnesses occurring prior to the effective date of this amendatory act shall remain the property of the insureds or their beneficiaries.

Any pension or annuity contract entered into by a township between January 1, 1959, and December 31, 1984, that includes or provides for benefits for commissioners at township expense shall not be void or unlawful solely because of such inclusion of such commissioners; nor shall any penalty, assessment, surcharge or disciplinary action of any kind occur as a result of such participation by commissioners: Provided, however, That anyone entitled to benefit coverage under a pension paid for, in whole or in part, by any township without lawful authority shall deliver, surrender and assign to the township all benefits paid thereunder after December 31, 1984.

Where any official personally contributed toward such a pension plan or a purchase of such an annuity, he shall be refunded his total contributions thereto, plus any interest accumulated thereon, less any amount already paid to him under the annuity or pension plan, when the annuity or pension benefits are delivered, surrendered or assigned to the township, or when the annuity becomes the property of the township by operation of this section. In lieu of a refund of total contributions plus accumulated interest, an official who personally contributed toward the pension plan or toward the purchase of the annuity may elect to purchase from the township its interest in that pension plan or annuity program. The election option shall be exercised within sixty (60) days of the effective date of this act. The value of the interest of the township in the pension plan or annuity program with respect to the official shall be determined by the actuary who prepared the 1983 municipal pension report for the township pension plan or annuity program pursuant to the act of December 6, 1972 (P.L.1383, No.293), entitled "An act requiring municipal pension systems to have an actuarial investigation of the fund made by an actuary who shall report his findings to the Department of Community Affairs," using the same applicable actuarial assumptions as used in that report or, if no actuary was retained for the 1983 report or no

*1983 report was filed, by an actuary retained for the purpose of valuing the township interest. The cost of the actuarial valuation of the township interest and any future administrative costs of the pension plan or the annuity program attributable to the official shall be payable by the official in a manner to be established by agreement with the township auditors.*

*No elected or appointed township official included in a township-paid pension or annuity plan entered into prior to December 31, 1984, shall be subject to any penalty, assessment, surcharge or disciplinary action of any kind as a result of said participation. Any residual interest, value, refund of premium or benefits payable on or after December 31, 1984, arising out of the township-paid interest of the elected or appointed township officials shall become the exclusive property of the township.*

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Section 2. This act shall take effect immediately.

APPROVED—The 29th day of November, A. D. 1985.

DICK THORNBURGH