

MAINE STATE LEGISLATURE

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ONE HUNDRED AND FIFTH LEGISLATURE

Legislative Document

No. 8

H. P. 8

Office of the Clerk of the House

Filed December 9, 1970 under Joint Rule 6 by Mrs. Lincoln of Bethel. To be printed and delivered to the House of Representatives of the 105th Legislature.

BERTHA W. JOHNSON, Clerk

Presented by Mrs. Lincoln of Bethel.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-ONE

**AN ACT to Revise and Clarify Laws Relating to Group Life Insurance
Under Maine State Retirement System.**

Be it enacted by the People of the State of Maine, as follows:

Sec. 1. R. S., T. 5, § 1151, sub-§ 2, ¶ A, amended. Paragraph A of subsection 2 of section 1151 of Title 5 of the Revised Statutes, as last repealed and replaced by section 14 of chapter 544 of the public laws of 1967, is amended to read as follows:

A. Each eligible state employee or teacher and retired state employee or teacher or Justice of the Supreme Judicial Court or Justice of the Superior Court or Judge of the District Court to whom this section applies shall be eligible to be insured for an amount of group life insurance approximating his annual compensation or double and an equal amount of group accidental death and dismemberment insurance in accordance with the following schedule, Table A. The board of trustees may, upon recommendation of the advisory council, permit eligible state employees or teachers or Justices of the Supreme Judicial Court or Justices of the Superior Court or Judges of the District Court to purchase up to double the amounts shown in Table A; provided that any additional life insurance coverage authorized shall be in force only during the active service of the state employee or teacher or Justices of the Supreme Judicial Court or Justices of the Superior Court or Judges of the District Court and upon retirement the maximum coverage shall be in accordance with Table A and subject to subsection 9, paragraph A. The board of trustees in consultation with the Advisory Council on Group Insurance shall by regulation prescribe the conditions of eligibility for this additional insurance.

Sec. 2. R. S., T. 5, § 1151, sub-§ 2, ¶ B, amended. Table A of paragraph B of subsection 2 of section 1151 of Title 5 of the Revised Statutes, as amended by section 9 of chapter 59 of the public laws of 1967, is repealed and the following enacted in place thereof:

TABLE A

If annual compensation is		Group Life Insurance		Group Accidental Death and Dismemberment Insurance	
Greater than	but not greater than	The amount of group life insurance shall be either Plan I or Plan II		The maximum amount of group accidental death and dismemberment insurance shall be	
		PLAN I	PLAN II	PLAN I	PLAN II
		MINIMUM MAXIMUM			
\$ 0	\$ 1,000	\$ 1,000	\$ 2,000	\$ 1,000	\$ 2,000
1,000	2,000	2,000	4,000	2,000	4,000
2,000	3,000	3,000	6,000	3,000	6,000
3,000	4,000	4,000	8,000	4,000	8,000
4,000	5,000	5,000	10,000	5,000	10,000
5,000	6,000	6,000	12,000	6,000	12,000
6,000	7,000	7,000	14,000	7,000	14,000
7,000	8,000	8,000	16,000	8,000	16,000
8,000	9,000	9,000	18,000	9,000	18,000
9,000	10,000	10,000	20,000	10,000	20,000
10,000	11,000	11,000	22,000	11,000	22,000
11,000	12,000	12,000	24,000	12,000	24,000
12,000	13,000	13,000	26,000	13,000	26,000
13,000	14,000	14,000	28,000	14,000	28,000
14,000	15,000	15,000	30,000	15,000	30,000
15,000	16,000	16,000	32,000	16,000	32,000
16,000	17,000	17,000	34,000	17,000	34,000
17,000	18,000	18,000	36,000	18,000	36,000
18,000	19,000	19,000	38,000	19,000	38,000
19,000	20,000	20,000	40,000	20,000	40,000
20,000	21,000	21,000	42,000	21,000	42,000
21,000	22,000	22,000	44,000	22,000	44,000
22,000	23,000	23,000	46,000	23,000	46,000
23,000	24,000	24,000	48,000	24,000	48,000
24,000	—	25,000	50,000	25,000	50,000

Sec. 3. R. S., T. 5, § 1151, sub-§ 2, ¶ B, amended. The last paragraph of paragraph B of subsection 2 of section 1151 of Title 5 of the Revised Statutes, as enacted by section 1 of chapter 411 and as amended by section 16 of chapter 544, both of the public laws of 1967, is repealed as follows:

The board of trustees, upon recommendation of the Advisory Council on Group Insurance, may purchase through the payment of a single premium

~~on behalf of eligible state employees and teachers and Justices of the Supreme Judicial Court and Justices of the Superior Court and Judges of the District Court paid up life insurance to be effective in a prescribed level amount upon retirement for reasons other than occupational disability. The board of trustees, with the approval of the Advisory Council on Group Insurance, shall by regulation prescribe the conditions of eligibility for and the annual level amount of this additional paid up life insurance.~~

Sec. 4. R. S., T. 5, § 1151, sub-§ 6, amended. Subsection 6 of section 1151 of Title 5 of the Revised Statutes is amended to read as follows:

6. Payroll deduction. During any period in which an employee or teacher is insured under a policy of insurance in conformity with this section, there shall be withheld by payroll deduction or deductions as his share of the cost of his group life and accidental death and dismemberment insurance, an amount determined by the board of trustees ~~but not to exceed 65c per month for each \$1,000 of such insurance.~~ Any employee who is paid on other than a 52-week a year basis shall have such amounts withheld as may be determined by the board of trustees and the participating insurance underwriters to be proper to guarantee insured status for a full year ~~but in no instance shall such deduction exceed \$7.80 per year for each \$1,000 of coverage. Anything to the contrary notwithstanding, the deduction for any additional insurance specified in subsection 2, shall be on a basis determined by the board of trustees, from time to time, to be actuarially sufficient to meet the increased liability.~~

Sec. 5. R. S., T. 5, § 1151, sub-§ 7, amended. Subsection 7 of section 1151 of Title 5 of the Revised Statutes, as amended, is further amended by inserting after the 3rd sentence the following new sentence:

All dividends received or reserved under the group life insurance plan of the retirement system shall be used by the board of trustees to pay premiums for insurance on retired lives.

Sec. 6. R. S., T. 5, § 1151, sub-§ 7, amended. The last paragraph of subsection 7 of section 1151 of Title 5 of the Revised Statutes, as enacted by section 2 of chapter 411 and as amended by section 17 of chapter 544, both of the public laws of 1967, is further amended to read as follows:

Anything to the contrary notwithstanding, any dividends, premium rate adjustments or accumulations developed for any reason shall be used either to reduce or eliminate any contribution otherwise required from the Unappropriated Surplus of the General Fund or to increase benefits to state employees and teachers **and retired state employees and teachers** and Justices of the Supreme Judicial Court and Justices of the Superior Court and Judges of the District Court, as the board of trustees ~~and the Advisory Council on Group Life Insurance~~ in their sole discretion shall order by means of uniform regulations necessary to implement such usage or usages.

Sec. 7. R. S., T. 5, § 1151, sub-§ 9, ¶ A, amended. The first paragraph, as amended by section 1 of chapter 34 of the public laws of 1965, and the

3rd paragraph of paragraph A of subsection 9 of section 1151 of Title 5 of the Revised Statutes, are amended to read as follows:

On retirement for reasons other than occupational disability, the average amount of insurance in force for the last ~~5~~ 3 years prior to retirement shall be continued in force at no cost to the state employee or teacher, provided that he has participated in the group life insurance program for a minimum of 10 years immediately prior to retirement. Said average amount shall be reduced at the rate of 15% per year to a minimum of 25% of said average amount, and the maximum amount of insurance in force on a retired member after attaining age 70 shall be 25% of the average amount of insurance in force for the last ~~5~~ 3 years prior to retirement.

The average amount of insurance for any employee who retires before he was eligible for ~~5~~ 3 years of such coverage shall be determined by adding the amount of coverage he had in each year prior to retirement and dividing by the number of years he was eligible. If he was eligible for coverage less than one year prior to retirement, the amount of coverage shall be equal to the amount in force at the first day he became insured. **All who have retired shall have the average amount of insurance recomputed on a 3-year basis and include additional insurance in force at time of retirement.**

Sec. 8. R. S., T. 5, § 1151, sub-§ 9, amended. The last paragraph of subsection 9 of section 1151 of Title 5 of the Revised Statutes, as enacted by section 3 of chapter 411 of the public laws of 1967, is repealed as follows:

~~Nothing contained in this subsection shall limit the authority of the board of trustees to purchase additional paid up life insurance as authorized in subsection 2.~~

Sec. 9. R. S., T. 5, § 1152, sub-§ 2, repealed. Subsection 2 of section 1152 of Title 5 of the Revised Statutes is repealed as follows:

~~2. Advisory Council on Group Insurance. An Advisory Council on Group Insurance, as heretofore established, shall consist of 6 members, being the Insurance Commissioner, the deputy insurance commissioner and the Commissioner of Finance and Administration ex-officio and the Maine Teachers Association, the Maine Municipal Association and the Maine State Employees Association shall each elect for a 2-year term one representative to serve on such advisory council. All members of the advisory council shall serve without compensation, but any expenses incurred in performance of their duties shall be reimbursed. The council shall meet once a year, or oftener, and shall review the operations of sections 1151 to 1153, and advise the board of trustees on matters of policy relating to the activities thereunder.~~

Sec. 10. R. S., T. 5, § 1152, sub-§ 3, repealed and replaced. Subsection 3 of section 1152 of Title 5 of the Revised Statutes is repealed and the following enacted in place thereof:

3. Selection of insurance company; consulting actuary. The board of trustees shall have the authority to select an insurance company as the result of competitive bidding when in its judgment new bids are required.

It may employ an independent actuary to review bids for the purpose of selecting the insurance carrier or carriers.

Sec. 11. R. S., T. 5, § 1153, amended. The first sentence of section 1153 of Title 5 of the Revised Statutes is amended to read as follows:

The employees of any ~~county, city, town, water district, public library corporation or any other quasi municipal corporation of the State, the civilian employees of the Maine National Guard or of Maine Municipal Association~~ local district as detailed in section 1092 may participate in this group life insurance program to the full extent of any and all benefits provided for in this chapter, provided the county commissioners, or the city council or corresponding body of a city, or the voters of a town at a duly constituted town meeting, or the trustees of water districts or public library corporations or other quasi-municipal corporation, the Adjutant General or the active member municipalities of Maine Municipal Association through its executive committee, approve such participation and file with the board of trustees a duly certified copy of the resolution of the county commissioners or of the city council or such corresponding body or a record of the vote of the town voters certified by the clerk of the town meeting approving such participation and the extent of the benefits which shall apply.

Sec. 12. R. S., T. 5, § 1153, amended. The 2nd paragraph of section 1153 of Title 5 of the Revised Statutes, as amended by section 4 of chapter 411 of the public laws of 1967, is repealed as follows:

~~Employees of a participating local district who are covered under the basic group life insurance plan shall also be eligible for the additional group life insurance and paid up life insurance coverage as provided for in section 1151 if the local district involved elects to adopt such benefits.~~

Sec. 13. R. S., T. 5, § 1181, amended. The 2nd sentence of section 1181 of Title 5 of the Revised Statutes is amended to read as follows:

Any decision or ruling of the board of trustees issued under this ~~section~~ chapter shall be delivered to the litigant within 3 months after the establishment of such a decision or ruling by the board.

STATEMENT OF FACT

This bill eliminates supplemental life insurance coverage but provides for the same amount of coverage by allowing members to have insurance coverage "double" the amount of salary earned. (One insurance program only.)

The bill provides that all dividends received from the insurance company shall be used to pay premiums on retired lives. The present law makes no provision for the financing of premium costs. The present law states (Title 5, section 1151, subsection 9, paragraph A).

“On retirement for reasons other than occupational disability, the average amount of insurance in force for the last 5 years prior to retirement shall be continued in force at no cost to the state employee or teacher”

This bill will eliminate the Advisory Council to the board of trustees. This council was established in 1955 to assist in selecting an insurance company to underwrite group life insurance for state employees and teachers. The need for the council no longer exists.

A change has been proposed to allow an average 3 years of insurance carried at retirement rather than 5 years as the law presently provides. This change is consistent with the 3-year average now pertaining to the retirement allowance law.

There is no cost involved in this bill and it will not require an appropriation of the Legislature.

A substantial reserve is being carried, resulting from dividends received from the insurance company and can be used to pay the premiums on retired lives in the future.