

MAINE STATE LEGISLATURE

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115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

Legislative Document

No. 1578

H.P. 1084

House of Representatives, April 17, 1991

Reference to the Committee on Aging, Retirement and Veterans suggested and ordered printed.

A handwritten signature in cursive script that reads "Ed Pert".

EDWIN H. PERT, Clerk

Presented by Representative DAGGETT of Augusta.

Cosponsored by Senator McCORMICK of Kennebec, Representative KONTOS of Windham and Representative ST. ONGE of Greene.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY-ONE

**An Act to Amend the Laws Relating to the Group Life Insurance
Program for Members of the Maine State Retirement System.**

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

2 Sec. 1. 5 MRSA §17057, as enacted by PL 1989, c. 76, is
4 repealed and the following enacted in its place:

6 **§17057. Information not public record**

8 1. Medical information. Medical information of any kind in
10 the possession of the retirement system, including information
12 pertaining to diagnosis or treatment of mental or emotional
14 disorders, is confidential and not open to public inspection and
16 does not constitute "public records" as defined in Title 1,
18 section 402, subsection 3. Records containing medical
20 information may be examined by the employee to whom they relate
22 or by the State or participating local district employer of the
24 employee for any purposes related to any claim for workers'
compensation or any other benefit. The employee must be advised
in writing by the retirement system of any request by the
employer to examine the employee's medical records. Medical
information obtained pursuant to this section remains
confidential, except as otherwise provided by law, when involved
in proceedings regarding workers' compensation or claims for
other benefits.

26 2. Group life insurance information. Information in the
28 possession of the retirement system regarding a participant's
30 designated beneficiary or amount of insurance coverage or group
life insurance is confidential and not open to public inspection
and does not constitute "public records" as defined in Title 1,
section 402, subsection 3.

32 Sec. 2. 5 MRSA §18056, sub-§1, ¶A, as amended by PL 1989, c.
34 710, §12, is further amended to read:

36 A. The amount of life insurance to be paid upon death shall
38 be is equal to the participant's annual base compensation
rounded up to the next \$1000 \$1,000.

40 (1) A participant insured under a basic insurance
42 policy shall be is automatically covered for any change
in the maximum due to a change in annual base
compensation.

44 (2) The date of change in coverage under subparagraph
46 (1) shall coincide with is the first day of the month
48 following the effective date of the change in annual
base compensation.

50 Sec. 3. 5 MRSA §18056, sub-§3, ¶D is enacted to read:

2 D. Any participant who is a participant through employment
3 with 2 or more employers may not insure that participant's
4 dependents more than once.

6 **Sec. 4. 5 MRSA §18057, sub-§1, as enacted by PL 1985, c. 801,**
7 **§§5 and 7, is amended to read:**

8 **1. Designated beneficiary.** First, to the beneficiary or
9 beneficiaries whom the employee designated in writing, if the
10 written designation was received in the employing retirement
11 system office or postmarked before the employee's death.

12 **Sec. 5. 5 MRSA §18058, as enacted by PL 1985, c. 801, §§5 and**
13 **7, is amended to read:**

14 **§18058. Insurance; automatic application**

15 **1. Employees automatically insured.** All employees eligible
16 for basic insurance under this subchapter shall--be are
17 automatically insured for the amounts of basic coverage
18 applicable under this subchapter, beginning on the date they
19 first become eligible. Each employee shall complete an
20 application for insurance coverage within 31 days of becoming
21 eligible.

22 A. The employee shall indicate the types of coverage
23 elected.

24 B. If an application is completed in a timely manner, any
25 coverage in addition to basic becomes effective on the first
26 day of the month following one month of employment after the
27 employee becomes eligible.

28 C. If an application is not completed within 31 days of the
29 employee's first becoming eligible, the employee may
30 subsequently apply for supplemental and dependent insurance
31 but must produce evidence of insurability at the employee's
32 own expense and in accordance with the requirements of the
33 insurance underwriter.

34 **2. Employees not wanting to be insured.** Any employee not
35 wanting to be insured under this subchapter, at the time the
36 employee first becomes eligible, shall, on the appropriate
37 application form, give written notice to his the employee's
38 employing officer and to the retirement system that he the
39 employee does not want to be insured.

40 A. If the-notice-is-received-before after being insured,
41 the employee has-become-automatically-insured,-he-shall-not-
42 be-insured wishes to cancel or reduce coverage, written
43 notice must be given by the employee to the employee's
44 employing officer and to the retirement system.

2 B. ~~If the notice is received after the employee has become~~
automatically insured, ~~his~~ The employee's insurance shall
4 coverage must cease effective or be reduced at the end of
the ~~pay period during~~ month in which the notice is received
6 by the employing office.

8 C. Any person employee who does not want to be insured or
who cancels insurance coverage may subsequently apply for
10 insurance, but must produce evidence of insurability at ~~his~~
the employee's own expense and in accordance with the
12 requirements of the insurance underwriter.

14 3. Dependent coverage. An employee may apply for coverage
for a dependent in the application provided in subsection 1. If
an employee has no dependents at the time the application
16 provided in subsection 1 is completed and if application is made
for coverage within 31 days of acquiring a dependent, coverage
18 becomes effective the first day of the month following the month
in which the application is received by the employing office. An
20 employee who does not apply for dependent coverage within 31 days
may subsequently apply for dependent coverage but must produce
22 evidence of insurability at the employee's own expense. Coverage
for subsequently acquired dependents is effective immediately.

24 4. Evidence of insurability. When the insurance
26 underwriter approves an application for coverage or increase in
coverage with which evidence of insurability has been filed as
28 provided under subsection 1, paragraph C or subsection 2,
paragraph C, the coverage or increased coverage becomes effective
30 as of the first day of the first month following completion of
one month of employment after the date of approval.

32 **Sec. 6. 5 MRSA §18061, sub-§2, as amended by PL 1989, c. 710,**
34 **§13, is further amended to read:**

36 **2. Retirement.** If, on the date the insurance would
otherwise terminate, the employee retires, in accordance with
38 Title 3, chapter 29, Title 4, chapter 27 or 29 or this Part, the
employee's basic life insurance only shall ~~shall~~ must be continued
40 without cost to ~~him~~ the employee and in the amounts provided in
this subsection.

42 A. On retirement for reasons other than disability, the
44 average amount of basic insurance in force for the last 3
years prior to retirement shall ~~shall~~ must be continued in force
46 at no cost to the participant, if ~~he~~ the employee has
48 participated in the group life insurance program for a
minimum of 10 years.

50 (1) Except as provided in paragraph B, the average
amount shall ~~shall~~ must be reduced at the rate of 15% per

2 year to a minimum of 40% of the average amount or
\$2,500, whichever is greater.

4 (2) In determining benefits under this subchapter, the
6 reductions shall become effective at 12:01 a.m. of the
8 day following the first year anniversary of the date of
retirement and each succeeding retirement anniversary
thereafter until the minimum has been reached.

10 B. The reduction set out in paragraph A, subparagraph (1)
12 does not apply to any Justice of the Supreme Judicial Court
14 or Superior Court, to any Judge of the District Court or
Administrative Court, ~~to any workers' compensation~~
~~commissioner~~ nor to any retired justice or judge who was
insured and who was living on September 14, 1979.

16 (1) The average amount of insurance referred to in
18 this subsection for any justice or judge shall must be
20 continued in force at no cost to the justice or judge
until he the justice or judge reaches 70 years of age.

22 (2) When a justice or judge reaches 70 years of age,
24 the amount of insurance in force shall ~~become~~ becomes
25% of the average amount of insurance.

26 C. On retirement for disability, the amount of basic
28 insurance in force at the time of retirement shall must be
30 continued in force until normal retirement age, after which
32 the amount shall must be reduced, as provided in paragraphs
A and B, at no cost to the recipient. The 10-year
participation requirement does not apply to recipients of
disability retirement benefits.

34 D. The premiums for the coverage provided by this
36 subsection must be paid from reserves established for that
purpose.

38 **Sec. 7. 5 MRSA §18656, sub-§1, ¶A, as amended by PL 1989, c.**
40 **710, §23, is further amended to read:**

42 A. The amount of life insurance to be paid upon death is ~~to~~
44 be equal to the participant's annual base compensation
rounded up to the next \$1,000.

46 (1) A participant insured under a basic insurance
48 policy shall ~~be~~ is automatically covered for any change
in the maximum due to a change in annual base
compensation.

50 (2) The date of change in coverage under subparagraph
(1) shall ~~coincide with~~ is the first day of the month

2 following the effective date of the change in annual
base compensation.

4 Sec. 8. 5 MRSA §18656, sub-§3, ¶D is enacted to read:

6 D. Any participant who is a participant through employment
7 with 2 or more employers may not insure that participant's
8 dependents more than once.

10 Sec. 9. 5 MRSA §18657, sub-§1, as enacted by PL 1985, c. 801,
11 §§5 and 7, is amended to read:

12 1. Designated beneficiary. First, to the beneficiary or
14 beneficiaries whom the employee designated in writing, if the
15 written designation was received in the employing retirement
16 system office or postmarked before the employee's death.

18 Sec. 10. 5 MRSA §18658, as enacted by PL 1985, c. 801, §§5
19 and 7, is amended to read:

20 **§18658. Insurance; automatic application**

21 1. Employees automatically insured. All employees eligible
22 for basic insurance under this subchapter shall---be are
23 automatically insured for the amounts of basic coverage
24 applicable under this subchapter, beginning on the date they
25 first become eligible. Each employee shall complete an
26 application for insurance coverage within 31 days of becoming
27 eligible.

28 A. The employee shall indicate the types of coverage
29 elected.

30 B. If an application is completed in a timely manner, any
31 coverage in addition to basic becomes effective on the first
32 day of the month following one month of employment after the
33 employee becomes eligible.

34 C. If an application is not completed within 31 days of the
35 employee's first becoming eligible, the employee may
36 subsequently apply for supplemental and dependent insurance
37 but must produce evidence of insurability at the employee's
38 own expense and in accordance with the requirements of the
39 insurance underwriter.

40 2. Employees not wanting to be insured. Any employee not
41 wanting to be insured under this subchapter, at the time the
42 employee first becomes eligible, shall, on the appropriate
43 application form, give written notice to his the employee's
44 employing officer and to the retirement system that he the
45 employee does not want to be insured.

2 A. ~~If the notice is received before, after being insured,~~
the employee has become automatically insured, ~~he shall not~~
4 ~~be insured~~ wishes to cancel or reduce coverage, written
notice must be given by the employee to the employee's
6 employing officer and to the retirement system.

8 B. ~~If the notice is received after the employee has become~~
automatically insured, ~~his~~ The employee's insurance shall
10 coverage must cease, effective or be reduced at the end of
the pay period during the month in which the notice is
12 received by the employing office.

14 C. Any ~~person~~ employee who does not want to be insured or
who cancels insurance coverage may subsequently apply for
16 insurance, but ~~shall be required to~~ must produce evidence of
insurability at his the employee's own expense and in
18 accordance with the requirements of the insurance
underwriter.

20 3. Dependent coverage. An employee may apply for coverage
for a dependent in the application provided in subsection 1. If
22 an employee has no dependents at the time the application
provided in subsection 1 is completed and if application is made
24 for coverage within 31 days of acquiring a dependent, coverage
becomes effective the first day of the month following the month
26 in which the application is received by the employing office. An
employee who does not apply for dependent coverage within 31
28 days, may subsequently apply for dependent coverage, but must
produce evidence of insurability at the employee's own expense.
30 Coverage for subsequently acquired dependents is effective
immediately.

32 4. Evidence of insurability. When the insurance
34 underwriter approves an application for coverage or increase in
coverage with which evidence of insurability has been filed as
36 provided under subsection 1, paragraph C or subsection 2,
paragraph C, the coverage or increased coverage becomes effective
38 as of the first day of the first month following completion of
one month of employment after the date of approval.

40 Sec. 11. 5 MRSA §18661, sub-§2, as amended by PL 1989, c. 710,
42 §24, is further amended to read:

44 2. Retirement. If, on the date the insurance would
otherwise terminate, the employee retires, in accordance with
46 this Part, the United States Social Security Act or other local
retirement program, the employee's basic life insurance only
48 shall must be continued without cost to the employee and in the
amounts provided in this subsection.

50 A. On retirement for reasons other than disability, the
52 average amount of basic insurance in force for the last 3

2 years prior to retirement shall must be continued in force
at no cost to the participant, if the participant has
4 participated in the group life insurance program for a
minimum of 10 years ~~continuously--and--immediately--before~~
retirement.

6
8 (1) Except as provided in paragraph B, the average
amount shall must be reduced at the rate of 15% a year
10 to a minimum of 40% of the average amount or \$2,500,
whichever is greater.

12 (2) In determining benefits under this subchapter, the
14 reductions shall become effective at 12:01 a.m. of the
day following the first year anniversary of the date of
16 retirement and each succeeding retirement anniversary
thereafter until the minimum has been reached.

18 B. On retirement for disability, the amount of basic
20 insurance in force at the time of retirement shall must be
continued in force until normal retirement age, after which
22 the amount shall must be reduced, as provided in paragraph A
at no cost to the recipient. The 10-year participation
24 requirement does not apply to recipients of disability
retirement benefits.

26 C. The premiums for the coverage provided by this
28 subsection must be paid by the participating local district
30 which employed the participant immediately before the
participant's retirement. Delinquent payments under this
32 section may be collected as provided under section 18303,
34 subsection 3.

34 STATEMENT OF FACT

36 This bill amends several of the provisions relating to the
38 group life insurance program administered by the Maine State
Retirement System for state employees, teachers and employees of
40 participating local districts and their dependents.
Specifically, the bill:

42 1. Provides that information relating to designation of
44 beneficiaries and amount of coverage of persons participating in
this group life insurance program is confidential and not "public
46 records";

48 2. Designates the effective date for increased coverage
when a participant's compensation increases;

50

2 3. Makes it clear that a participant who is employed by 2
or more employers whose employees are eligible to participate in
this program may insure dependents no more than once;

4
6 4. Requires that a designation of beneficiary or a change
of designation of beneficiary must be received in the retirement
system office to be in effect;

8
10 5. Requires the filing of an application within 31 days by
a new eligible employee, or any employee who has become eligible
to be a participant in the insurance program after having been
employed but ineligible, and the employee will be required to
12 file evidence of insurability before having supplemental or
dependent coverage. This bill establishes the effective date of
14 coverage for employees who become eligible for coverage. The
bill also provides that insurance coverage resulting from the
16 filing of an application with evidence of insurability is
effective as of the beginning of the first pay period in the
18 first month following completion of one month of employment after
the approval of the application; and
20

22 6. Makes several technical changes relating to continuation
of coverage for participants who retire.