

# MAINE STATE LEGISLATURE

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**Legislative Document**

**No. 1429**

S. P. 525

In Senate, April 6, 1955

Reported by Senator Butler of Franklin from the Committee on Retirements and Pensions. Printed under Joint Rules No. 10.

CHESTER T. WINSLOW, Secretary

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**STATE OF MAINE**

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
FIFTY-FIVE

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**AN ACT Providing for Group Life Insurance for State Employees and Teachers.**

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

**R. S., c. 63-A, §§ 24-26, additional.** Chapter 63-A of the revised statutes is hereby amended by adding thereto 3 new sections to be numbered 24 to 26, inclusive, to read as follows:

**'Sec. 24. Group life insurance for state employees and teachers. Group life insurance shall be made available to state employees and teachers, subject to the following provisions:**

I. Except as provided herein, each appointive officer or employee of the State of Maine, or teacher, who is eligible for membership in the Maine State Retirement System, shall at such time and under the conditions of eligibility as the Board of Trustees may by regulation prescribe, come within the purview of this section. Such regulations may provide for the exclusion of employees on the basis of nature and type of employment or conditions pertaining thereto, such as, but not limited to, emergency, temporary or project employment and employment of like nature; which regulation shall be issued only after consultation with the appointing authority concerned: provided that no employee or group of employees shall be excluded solely on the basis of the hazardous nature of employment.

II. Each eligible state employee or teacher to whom this section applies, shall be eligible to be insured for an amount of group life insurance approximating his annual compensation, plus an equal amount of group accidental death and dismemberment insurance in accordance with the following schedule; except that the Board of Trustees may, upon recommendation of the Advisory Coun-

cil, permit certain classifications to purchase up to double the amounts shown in Table A.

TABLE A

Greater than	If annual compensation is but not greater than	Group Life Insurance The maximum amount of group life insurance shall be	Group Accidental Death and Dismemberment Insurance The maximum amount of group accidental death and dismemberment insurance shall be
0	\$1,000	\$1,000	\$1,000
\$1,000	2,000	2,000	2,000
2,000	3,000	3,000	3,000
3,000	4,000	4,000	4,000
4,000	5,000	5,000	5,000
5,000	6,000	6,000	6,000
6,000	7,000	7,000	7,000
7,000	8,000	8,000	8,000
8,000	9,000	9,000	9,000
9,000	—	10,000	10,000

Subject to the conditions and limitations of the policy purchased by the Board of Trustees under this section, the group accidental death and dismemberment insurance shall provide payments as follows:

TABLE B

Loss	Amount Payable
Loss of life from natural causes.	The full amount shown in the column of Table A entitled "Group Life Insurance."
Loss of life by accident	The full amount shown in the column of Table A entitled "Group Life Insurance" plus the amount shown in the column entitled "Group Accidental Death and Dismemberment Insurance."
Loss of one hand or one foot or sight of one eye.	One half the amount shown in the column of Table A entitled "Group Accidental Death and Dismemberment Insurance."
Loss of two or more limbs or loss of sight of both eyes or loss of one limb and loss of sight of one eye.	The full amount shown in the column of Table A entitled "Group Accidental Death and Dismemberment Insurance."

For any one accident, the aggregate amount of group accidental death and dismemberment insurance that may be paid shall not exceed the amount shown in Table A of this section.

III. Any amount of group life insurance and group accidental death insurance in force on any employee at the date of his death shall be paid, upon

the establishment of a valid claim therefor, to the person or persons surviving at the date of his death, in the following order of precedence:

First, to the beneficiary or beneficiaries as the employee may have designated by a writing received in the employing office prior to death;

Second, if there be no such beneficiary, to the widow or widower of such employee;

Third, if none of the above, to the child or children of such employee and descendants of deceased children by representation;

Fourth, if none of the above, to the parents of such employee or the survivor of them;

Fifth, if none of the above, to the duly appointed executor or administrator of the estate of such employee;

Sixth, if none of the above, to other next of kin of such employee entitled under the laws of domicile of such employee at the time of his death.

IV. Each eligible state employee or teacher may select the amount of group life insurance and group accidental death and dismemberment insurance in \$1,000 units up to the maximum coverage applicable to him.

V. All employees eligible under the terms of this section will be automatically insured for the maximum amounts applicable thereunder, commencing on the date they first become so eligible, provided:

A. That any employee desiring a lesser amount of insurance shall, on an appropriate form, give written notice to his employing office, specifying such lesser amounts, or

B. That any employee desiring not to be insured shall, on an appropriate form, give written notice to his employing officer, that he desires not to be insured. If such notice is received before the employee 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.

C. Any employee may change his amount of coverage, or may change any previous filing under subsection V, paragraph A or B, subject to the maximum limit applicable to him, by giving written notice, on appropriate form, to his employing office within 31 days prior to the date of the master policy anniversary. Any person who desires not to be insured may subsequently apply for insurance and any person insured for less than the maximum may increase his coverage and in either instance may be required to produce evidence of insurability at his own expense and in accordance with the requirements of the Board of Trustees.

An employee insured for maximum coverage shall be automatically covered for any change in such maximum due to a change in annual compensation unless he files a written request stating that he does not desire the changed coverage. Such change in coverage shall coincide with the effective date of the change in annual compensation rate.

VI. During any period in which an employee or teacher is insured under a policy of insurance in conformity with the provisions of 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; provided that 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.

VII. The State Controller shall open on the books of the State an account to be known as the "Group Life Insurance Fund." For each period in which an employee is insured under a policy of insurance purchased by the Board, there shall be contributed from such fund a sum computed at a rate determined by the Board to be sufficient to pay the balance of the premiums of such policy or policies purchased in conformity with the provisions of this section. The income from any dividends or premium rate adjustments shall constitute a part of said fund.

There is hereby appropriated from the unappropriated surplus of the general fund the sum of \$50,000 to be a revolving fund for the use of the Board in carrying out the purposes stipulated herein. Not later than 90 days after the close of each fiscal year there shall be transferred from unappropriated surplus an amount sufficient to restore the "Group Life Insurance Fund" to \$50,000, provided: that if and when the Board determines that such fund has attained an amount estimated by it to be more than sufficient for the purpose for which established, any excess may be returned to the unappropriated surplus of the general fund.

VIII. The Board of Trustees is authorized to purchase from one or more life insurance companies a policy or policies of group life and accidental death and dismemberment insurance to provide the benefits specified by this section, provided, that such company or companies must be licensed under the laws of the State of Maine. The initial premium rate shall be the minimum rate permitted an insurance company authorized to do business in all states. The policy provisions shall be subject to and as provided for by the insurance laws of this State except as modified by this section.

IX. Each policy purchased under sections 24 to 26, inclusive, shall contain a provision to the effect that any insurance thereunder on any employee shall cease upon his separation from the service subject to provisions which shall be contained in the policy for waiver of premiums in the event of total and permanent disability, and temporary extension of coverage and conversion to an individual policy of life insurance, except that if upon such date as the insurance would otherwise cease, the employee retires in accordance with the provisions of this chapter, his life insurance only shall be continued without cost to him and in the amounts provided in paragraphs A and B below:

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. Said average amount shall be reduced at the rate of 15% per year to a minimum of 25% of said average amount, and provided further that 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 years prior to retirement.

In determining benefits under this section the 15% reductions shall become effective at 12.01 A. M. of the day following the first year anniversary of the date of retirement and each succeeding retirement anniversary thereafter until the minimum has been reached.

The average amount of insurance for any employee who retires before he was eligible for 5 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, provided further that 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.

B. On retirement for occupational disability, the amount of insurance in force at the time of retirement shall be continued in force at no cost to the state employee or teacher until attainment of the age of 60, after which said amount shall be reduced at the rate of 15% per year to a minimum of 25% of said amount and provided further that the maximum amount of insurance in force after attaining age of 70 shall be 25% of the amount in force at time of retirement.

X. The insurance company shall furnish the usual master policy and certificates and shall arrange to have each employee insured under such policy or policies receive a certificate setting forth the benefits to which the employee is entitled thereunder, to whom such benefits shall be payable, to whom claims shall be submitted, and summarizing the provisions of the policy principally affecting the employee.

#### Sec. 25. Administration.

I. The Board of Trustees shall administer this group life insurance program and except as otherwise provided herein is hereby authorized to promulgate and publish such regulations as may be necessary and proper to give effect to the intent, purposes and provisions of this section.

II. There is hereby established an Advisory Council on Group Insurance, consisting of 6 members, being the State 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 24 to 26, inclusive, and advise the Board of Trustees on matters of policy relating to the activities thereunder.

III. The Board of Trustees, with the approval of the Advisory Council on Group Insurance, shall select an insurance company as the result of competitive bidding. The Board and the Advisory Council shall employ an independent actuary at a total cost not to exceed \$2,500 on a consulting basis who shall review the bids for the purpose of selecting the insurance carrier or insurance carriers.

IV. The insurance provided by these sections and the withholding and contributions for that purpose, shall become effective when directed by the Board.

Sec. 26. Participating local districts. The employees of any county, city, town, water district, public library corporation or any other quasi-municipal corporation of the State or of Maine Municipal Association 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, 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. Such county, city, town, water district, public library corporation or other quasi-municipal corporation or Maine Municipal Association approving the participation of its employees in this group life insurance program shall thereafter be known for the purposes of this chapter as a "participating local district." Such county, city, town, water districts or public library corporations or other quasi-municipal corporations or Maine Municipal Association shall designate in their approval any class of employees who may be exempted from the provisions of this chapter. Seventy-five percent of the eligible employees of each participating district shall be the minimum number permissible as a coverage group. The date when the participation of the employees of a participating local district may begin shall be set by the Board of Trustees not more than 6 months following the date the local district approved the participation of its employees.

The chief fiscal officer of a participating local district shall submit to the Board of Trustees such information, and shall cause to be performed such duties, in respect to the employees of such local district as shall be prescribed by the Board of Trustees in order to carry out the provisions of this chapter, and shall pay such pro rata cost of premiums and expenses as may be levied by the Board of Trustees.'