



House of Representatives

File No. 738

General Assembly

January Session, 2005

(Reprint of File No. 207)

Substitute House Bill No. 6866
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
May 6, 2005

AN ACT CONCERNING LIFE INSURANCE OFFERED TO STATE EMPLOYEES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 5-257 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2005*):

4 (a) (1) The Comptroller, with the approval of the Attorney General
5 and [of] the Insurance Commissioner, may revise the group insurance
6 plan for employees of the state by amendment of any existing group
7 life insurance policy or policies or by procuring from one or more life
8 insurance companies authorized to do business in Connecticut a policy
9 or policies of group life insurance covering employees of the state.
10 Each employee in active state service shall be eligible for insurance
11 under this section, provided [he shall have] the employee has
12 completed more than six months' continuous state service, and each
13 member of the General Assembly shall be eligible for insurance under
14 this section [,] six months after taking office. On and after July 1, 2005,

15 no employee or member shall be eligible for a group life insurance
 16 policy under this section as both a retiree and an active employee or
 17 member, except that an employee, member or retiree may maintain
 18 any policy issued under this section, in such manner as may be
 19 provided in the policy, if the policy was in effect on June 30, 2005.

20 (2) Any such group policy may provide that each employee or
 21 member of the General Assembly eligible for insurance [thereunder]
 22 under the policy shall become insured on the date [he] the employee or
 23 member becomes eligible unless [he] the employee or member declines
 24 the insurance in such manner as may be provided in the policy.

| | | |
|---|--------------|----------|
| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | July 1, 2005 | 5-257(a) |

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

| Agency Affected | Fund-Effect | FY 06 \$ | FY 07 \$ |
|-------------------------------------|--------------|-------------------|-------------------|
| State Comptroller - Fringe Benefits | GF - Savings | Potential Minimal | Potential Minimal |

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill would prevent a state employee or legislator from obtaining a state issued group life insurance policy as a retiree at the same time as being eligible as an active employee or legislator. The bill is applied prospectively, permitting individuals who have already accessed this benefit to maintain their second policy. According to information provided by the Office of the State Comptroller, two individuals currently have life insurance policies as both retired and active employees.

As a result of the bill as amended, the state will avoid the potential cost of second group life insurance policies in the future. The annual state share of active employee coverage is \$2.14 per thousand dollars of coverage. The state pays the full cost of retiree coverage. The annual per capita cost of retiree coverage is \$114.

House Amendment "A" eliminated the restriction on active state employees and legislators having more than one life insurance policy, replacing it with the restriction that state employees and legislators are not eligible for a life insurance policy as both a retiree and an active employee or legislator and has the fiscal impact described above.

OLR Bill Analysis

sHB 6866 (as amended by House "A")*

AN ACT CONCERNING LIFE INSURANCE OFFERED TO STATE EMPLOYEES**SUMMARY:**

Under this bill, a state employee or legislator is not eligible for a state-issued group life insurance policy as a retiree at the same time as being eligible as an active employee or legislator. The bill permits him to keep any policy obtained through the state in accordance with the policy terms if the policy was in effect on June 30, 2005. Thus, for example, if a person retires from state service, maintains his life insurance policy that took effect before June 30, 2005, and is later rehired as an active employee, he is not eligible for another policy.

By law the comptroller, with the attorney general's and insurance commissioner's approval, can revise the group life insurance plan for state employees. Employees are eligible for coverage after six months of continuous service. Legislators are eligible six months after taking office.

*House Amendment "A" eliminated the restriction on active state employees and legislators having more than one life insurance policy, replacing it with the restriction that state employees and legislators are not eligible for a life insurance policy as both a retiree and an active employee or legislator.

EFFECTIVE DATE: July 1, 2005

BACKGROUND***Legislative History***

On April 11, the House referred the bill to the Labor and Public Employees Committee, which reported it favorably on April 12. On April 22, the House referred it to the Appropriations Committee, which reported it favorably on May 2.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 15 Nay 0

Labor and Public Employees Committee

Joint Favorable Report

Yea 12 Nay 0

Appropriations Committee

Joint Favorable Report

Yea 44 Nay 0