

Number 13.1 - LIFE INSURANCE/ACCIDENTAL DEATH AND DISMEMBERMENT PLAN

Effective Date: March 1, 1996

Applicable To: All classified employees, as well as exempt and appointed, with the Executive Branch of the State of Vermont.

Issued By: Department of Personnel

Approved By: William H. Sorrell, Secretary of Administration

PURPOSE AND POLICY STATEMENT

The purpose of this policy is to describe procedures for the administration of the State employees' life insurance program. The State of Vermont offers an optional group term life insurance plan to its employees. The State will pay 75% of the premium cost of the insurance and the employee will pay the remaining 25%.

ELIGIBILITY

Newly hired State employees who work at least fifteen (15) hours weekly, and who have completed thirty (30) days of continuous service are eligible to enroll in the life insurance plan during the first sixty (60) calendar days of employment.

Temporary and contractual employees **are not eligible** for the group life insurance plan. Dependents of employees are also not eligible to participate in the plan.

ENROLLMENT

To enroll, an employee must obtain a *Request for Payroll Deduction* form from the agency/department personnel officer, complete and return it to the personnel officer within the time frames provided. The personnel officer will forward the form to the Payroll Department for processing. Employees may enroll in the life insurance plan only during the first sixty (60) days of employment, or thereafter must provide evidence of insurability.

Once enrolled, coverage will begin on day thirty-one (31) of the employee's employment, or the date the employee enrolls, from day thirty-two (32) through day sixty (60), whichever comes first. Coverage will begin on the day the employee enrolls if this takes place between the thirty-first (31) and sixtieth (60) day of employment. Employees who do not enroll during the first sixty (60) days of employment must complete a *Health Statement* (which can be obtained from the Payroll Office) in addition to the *Request for Payroll Deduction* form. Coverage will be approved or denied by the insurance company based on its review of the medical evidence.

COVERAGE

The amount of life insurance of an insured employee whose annual salary is \$10,000 or less will be \$20,000.

The amount of life insurance for any employee whose annual salary is over \$10,000 will be an amount equal to two (2) times the employee's current annual base salary (calculated to the nearest \$100 below the employee's annual base salary times two). The life insurance benefit will automatically change as the employee's earnings change.

The first \$50,000 of life insurance is a tax-exempt benefit, under IRS rules. Life insurance amounts over \$50,000 are required to be reported as taxable income by the IRS. The taxable effect to employees is minimal as premiums are low.. Amounts are reported on the employee's year-end W-2 forms.

Under the terms and conditions of the life insurance plan, in certain instances in which the employee's accidental death results from bodily injury, accidental death and dismemberment benefits will be paid to the employee's beneficiary in an amount equal to the amount of life insurance in force. This benefit is ***in addition to*** the life insurance benefit. Some benefits may be payable to the employee for loss of limb or eyesight.

The amount of life insurance for any employee covered by the Agreements between the State of Vermont and the Vermont State Employees' Association, Inc., who retires in accordance with the terms of 3 VSA 631 (a)(2), shall be reduced and limited to \$5,000 on the date of retirement or as otherwise determined by the Legislature (if vested on the date of retirement).