



ADM 350

ST/ADM/SER.A/1972
15 June 1976

INFORMATION CIRCULAR

To: Members of the staff

From: The Assistant Secretary-General (Controller)
Office of Financial Services

Subject: GROUP LIFE INSURANCE - CHANGES IN COVERAGE

I. Purpose

1. The purpose of the present circular is to announce increases, with effect from 1 July 1976, in the amounts of life insurance coverage which are available under the Aetna group insurance plan; and the consequent increases in the amount of after-service coverage available for those staff members who become eligible for such coverage on or after 1 July 1976.

II. Eligibility

2. As in the past, all regular staff who have a contract of one year or longer are eligible for coverage in accordance with their conditions of employment. Participation in the group life insurance plan is open to those who apply within 31 days of the date of eligibility (date of appointment or of signing of contract). Those applying subsequently are required, at the time of application, to provide evidence of insurability satisfactory to the insurance company. The insurance company, which reserves the right to reject any such application, may require a medical examination which would be at the staff member's expense.

III. Schedule of insurance

3. The insurance coverage for eligible staff members consists of (a) a principal sum, payable in the event of death from any cause at any time or place, and (b) an additional sum payable in the event of accidental death and dismemberment. This additional insurance provides payment of an amount equal to the principal sum in the case of accidental loss of life, or of both hands, or of both feet, or of one hand and one foot, or of one hand and the sight of one eye, or of one foot and the sight of one eye, or of the sight of both eyes; one half the principal sum will be

paid in the case of accidental loss of one hand, or of one foot, or of the sight of one eye. Details of conditions and exclusions appear in the Aetna certificate of insurance given to each participant.

4. New pensionable remuneration brackets, on which the appropriate amount of insurance is based, have been introduced to attain greater consistency and uniformity. The main change is that maximum coverage has been increased from \$38,000 to \$65,000. The premium rate per \$1,000 of insurance remains unchanged for all amounts of coverage up to \$38,000, while an increase in premium rates of approximately 10 per cent will apply for amounts of coverage above \$38,000 up to a maximum of \$65,000. The old and new remuneration and insurance schedules appear in annex A.

5. All eligible participants in the plan entitled to higher coverage will be automatically placed in the corresponding bracket with effect from 1 July 1976, unless they elect to retain their present coverage (see paras. 7 and 8 below).

6. The 10 per cent bonus mentioned in information circular ST/ADM/SER.A/1308 of 27 February 1969 has been absorbed into the new insurance amounts.

IV. Waiver of automatic increase

7. The insurance coverage under the Group Life Insurance Plan is adjusted once a year in accordance with the pensionable remuneration of each participant. The adjustment this year will be made with effect from 1 July. Consequently, all participants in the plan, other than those who have previously signed a waiver of automatic increase, are reminded that if their pensionable remuneration as at 1 July 1976 places them in a higher insurance bracket, coverage will be automatically increased as at 1 July 1976, unless they sign and return the attached waiver (annex II) to the Payroll Section, room 1947, NO LATER than 2 July 1976. This aspect of the Group Life Insurance Plan takes on added importance on this occasion in view of the higher amounts of insurance coverage and the consequent increase in premium costs under the new schedule (see annex I). Staff members who have signed a waiver or are considering signing a waiver at this time should carefully study the implications thereof for their after-service life insurance coverage, which is dealt with in paragraphs 10, 11 and 12 below.

8. If participants who elect to retain a lower amount of insurance than their entitlement should at some future date apply for higher coverage, they will, as indicated in paragraph 2 above, be required to provide evidence of insurability satisfactory to the insurance company.

V. Benefits available to separated staff

9. Benefits for after-service insurance coverage have also been increased for eligible staff members who leave the service on or after 1 July 1976. Subject to the conditions defined in paragraphs 10, 11 and 12 below, basic insurance coverage (excluding, as in the past, additional insurance for accidental death and dismemberment) is provided to those separated staff members.

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10. Staff members who, upon separation from service, are participants in the plan and have at least 10 years' contributory participation shall receive, without payment of premium, upon leaving the employment of the Organization:

(a) Prior to the age of 55

One year's coverage at the face value of the policy in effect at the time of separation for each completed 10-year period of contributory participation;

(b) From the age of 55

- (i) From the age of 55 through the 64th year. Coverage in the amount of 45 per cent of the prorated face value of the policy determined at the time of separation in accordance with a formula which is contained and explained in annex III. The resulting benefit shall be subject to the provision that the after-service coverage of a staff member whose life insurance was reduced in accordance with note 4 of annex I shall be the amount it would have been had a reduction not been made following the extension of service beyond age of 62;
- (ii) From the age of 65 through the 69th year. Coverage in the amount of 22.5 per cent of the prorated face value, as calculated in accordance with subparagraph (i) above;
- (iii) From the 70th birthday onwards. Coverage in the amount of 7.5 per cent of the prorated face value, as calculated in accordance with subparagraph (i) above, subject to a minimum of \$500 and a maximum of \$2,000 (formerly \$1,500).

11. In all cases, the after-service benefits with respect to a staff member who was not insured for the full amount to which he or she was entitled during the 10 years immediately preceding the date of separation will continue to be based on a weighted average of the face value of his or her policy for those 10 years.

12. There will be no changes in the after-service coverage amounts available to those eligible insured staff members who left the Organization prior to 1 July 1976.

13. Inquiries may be directed to the Insurance Unit, room 3706, extensions 5081 and 5080.

Annex I

OLD AND NEW GROUP LIFE INSURANCE SCHEDULES

OLD SCHEDULE			NEW SCHEDULE EFFECTIVE 1 JULY 1976		
PENSIONABLE REMUNERATION	FACE AMOUNT OF POLICY	MONTHLY CONTRIBUTION (PREMIUM)	PENSIONABLE REMUNERATION	FACE AMOUNT OF POLICY	MONTHLY CONTRIBUTION (PREMIUM)
Less than \$ 2 000	\$3 000	\$1.26	Less than \$ 2 000	\$2 000	\$0.84
\$ 2 000 to \$ 3 599	6 000	2.52	\$ 2 001 to \$ 4 000	6 000	2.52
\$ 3 600 to \$ 5 449	9 000	3.78	\$ 4 001 to \$ 6 000	10 000	4.20
\$ 5 450 to \$ 7 249	12 000	5.04	\$ 6 001 to \$ 8 000	14 000	5.88
\$ 7 250 to \$ 8 999	15 000	6.30	\$ 8 001 to \$10 000	18 000	7.56
\$ 9 000 to \$11 999	22 500	9.45	\$10 001 to \$12 000	22 000	9.24
\$12 000 to \$15 999	27 500	11.55	\$12 001 to \$14 000	26 000	10.92
\$16 000 to \$19 999	33 000	13.86	\$14 001 to \$16 000	30 000	12.60
\$20 000 or more	38 000	15.96	\$16 001 to \$18 000	34 000	14.28
			\$18 001 to \$20 000	38 000	15.96
			\$20 001 to \$22 500	42 500	18.08
			\$22 501 to \$25 000	47 500	20.43
			\$25 001 to \$27 500	52 500	22.78
			\$27 501 to \$30 000	57 500	25.13
			\$30 001 or more	65 000	28.65

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(2) Under the new schedule, coverage for staff members entering the plan at age 60 or later continues to be restricted to \$ 7 000 group life insurance plus a similar amount of accidental death and dismemberment insurance.

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(4) Under the new schedule, coverage for staff members whose life insurance exceeds \$29 250 will be automatically reduced to that level on 1 May next following attainment of age 62, plus a similar amount of accidental death and dismemberment insurance.