

**GROUP LIFE INSURANCE FOR PUBLIC  
SAFETY OFFICERS**

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**HEARING**  
BEFORE THE  
**SUBCOMMITTEE ON IMMIGRATION, CITIZENSHIP,  
AND INTERNATIONAL LAW**  
OF THE  
**COMMITTEE ON THE JUDICIARY**  
**HOUSE OF REPRESENTATIVES**  
NINETY-FIFTH CONGRESS  
SECOND SESSION  
ON  
**H.R. 6845 and S. 262**  
GROUP LIFE INSURANCE FOR PUBLIC SAFETY OFFICERS

AUGUST 16, 1978

Serial No. 76



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## GROUP LIFE INSURANCE FOR PUBLIC SAFETY OFFICERS

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WEDNESDAY, AUGUST 16, 1978

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON IMMIGRATION,  
CITIZENSHIP, AND INTERNATIONAL LAW,  
OF THE COMMITTEE ON THE JUDICIARY,  
*Washington, D.C.*

The subcommittee met pursuant to notice at 9:30 a.m., in room 2226, Rayburn House Office Building, the Hon. Joshua Eilberg (chairman of the subcommittee) presiding.

Present: Representatives Eilberg, Hall, and Fish.

Also present: Garner J. Cline and Arthur P. Endres, Jr., counsel; Mark R. Zecca, assistant counsel; and Alexander B. Cook, associate counsel.

Mr. EILBERG. The subcommittee will come to order.

Today the subcommittee will hear testimony on H.R. 6845, which I have introduced, and S. 262, which has passed the Senate. These proposals provide for Federal participation in a group life insurance program for public safety officers.

[The bills follow:]

(1)

95TH CONGRESS  
1ST SESSION

# H. R. 6845

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## IN THE HOUSE OF REPRESENTATIVES

MAY 3, 1977

Mr. EILBERG (for himself, Mr. NIX, Mr. MICHAEL O. MYERS, Mr. LEDERER, Mr. BENJAMIN, Mr. BRODHEAD, Mr. CARNEY, Mr. EDGAR, Mr. HANNAFORD, Mr. HARRINGTON, Mr. KOSTMAYER, Mrs. LLOYD of Tennessee, Mr. MOAKLEY, Mr. NOLAN, Mr. RINALDO, Mr. ROE, Mr. TRIBLE, Mr. VENTO, Mr. CHARLES WILSON of Texas, and Mr. WOLFF) introduced the following bill; which was referred to the Committee on the Judiciary

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## A BILL

To amend the Omnibus Crime Control and Safe Streets Act of 1968, as amended, to authorize group life insurance programs for public safety officers and to assist State and local governments to provide such insurance, and for other purposes.

1        *Be it enacted by the Senate and House of Representa-*  
 2        *tives of the United States of America in Congress assembled,*  
 3        That this Act may be cited as the "Public Safety Officers'  
 4        Group Life Insurance Act of 1977".

5        SECTION 1. It is the declared purpose of Congress in  
 6        this Act to promote the public welfare by establishing a  
 7        means of meeting the financial needs of public safety officers  
 8        or their surviving dependents through group life, accidental

1 death, and dismemberment insurance, and to assist State  
2 and local governments to provide such insurance.

3 INSURANCE PROGRAM AUTHORIZED

4 SEC. 2. Title I of the Omnibus Crime Control and Safe  
5 Streets Act of 1968, as amended, is amended by adding at  
6 the end the following new part:

7 "PART K—PUBLIC SAFETY OFFICERS' GROUP LIFE

8 INSURANCE

9 "DEFINITIONS

10 "SEC. 800. For the purposes of this part—

11 "(1) 'child' means any natural, adopted, illegiti-  
12 mate or posthumous child, or stepchild;

13 "(2) 'month' means a month that runs from a given  
14 day in one month to a day of the corresponding number  
15 in the next or specified succeeding months, except when  
16 the last month has not so many days, in which event it  
17 expires on the last day of the month; and

18 "(3) 'public safety officer' means a person serving  
19 a public agency in an official capacity, with or without  
20 compensation, in—

21 "(A) the enforcement of the criminal laws, in-  
22 cluding highway patrol,

23 "(B) a correctional probation or parole pro-  
24 gram, facility, or institution where the activity is  
25 potentially dangerous because of contact with

1 criminal suspects, defendants, prisoners, probation-  
2 ers, or parolees,

3 “(C) a court having criminal or juvenile delin-  
4 quent jurisdiction where the activity is potentially  
5 dangerous because of contact with criminal suspects,  
6 defendants, prisoners, probationers, or parolees, or

7 “(D) firefighting, including officially recog-  
8 nized or designated and legally organized volun-  
9 teer firefighting, but does not include any person  
10 eligible to participate in the insurance program  
11 established by chapter 87 of title 5 of the United  
12 States Code, or any person participating in the  
13 program established by subchapter III of chapter  
14 19 of title 38 of the United States Code;

15 “(4) ‘public agency’ means any State of the  
16 United States, the District of Columbia, the Common-  
17 wealth of Puerto Rico, and any territory or possession  
18 of the United States or any unit of local government,  
19 combination of such States, or units, or any department,  
20 agency or instrumentality of any of the foregoing.

21 “Subpart 1—Nationwide Program of Group Life  
22 Insurance for Public Safety Officers

23 “ELIGIBLE INSURANCE COMPANIES

24 “SEC. 801. (a) The Administration is authorized,  
25 without regard to section 3709 of the Revised Statutes, as

1 amended (41 U.S.C. 5), to purchase from one or more  
2 life insurance companies a policy or policies of group life  
3 insurance to provide the benefits in this subpart. Each  
4 such life insurance company must (1) be licensed to issue  
5 life, accidental death, and dismemberment insurance in each  
6 of the fifty States of the United States and the District of  
7 Columbia, and (2) as of the most recent December 31 for  
8 which information is available to the Administration, have  
9 in effect at least 1 per centum of the total amount of group  
10 life insurance companies have in effect in the United States.

11 “(b) Any life insurance company issuing such a policy  
12 shall establish an administrative office at a place and under  
13 a name designated by the Administration.

14 “(c) The Administration may at any time discontinue  
15 any policy which it has purchased from any insurance com-  
16 pany under this subpart.

17 “REINSURANCE

18 “SEC. 802. (a) The Administration shall arrange with  
19 each life insurance company issuing a policy under this sub-  
20 part for the reinsurance, under conditions approved by the  
21 Administration, of portions of the total amount of insurance  
22 under the policy, determined under this section, with other  
23 life insurance companies which elect to participate in the  
24 reinsurance.

25 “(b) The Administration shall determine for and in

1 advance of a policy year which companies are eligible to  
2 participate as reinsurers and the amount of insurance under  
3 a policy which is to be allocated to the issuing company and  
4 to reinsurers. The Administration shall make this determina-  
5 tion at least every three years and when a participating com-  
6 pany withdraws.

7       “(c) The Administration shall establish a formula under  
8 which the amount of insurance retained by an issuing com-  
9 pany after ceding reinsurance, and the amount of reinsurance  
10 ceded to each reinsurer, is in proportion to the total amount  
11 of each company's group life insurance, excluding insurance  
12 purchased under this subpart, in force in the United States  
13 on the determination date, which is the most recent Decem-  
14 ber 31 for which information is available to the Administra-  
15 tion. In determining the proportions, the portion of a com-  
16 pany's group life insurance in force on the determination  
17 date in excess of \$100,000,000 shall be reduced by—

18               “(1) 25 per centum of the first \$100,000,000 of  
19 the excess;

20               “(2) 50 per centum of the second \$100,000,000 of  
21 the excess;

22               “(3) 75 per centum of the third \$100,000,000 of  
23 the excess; and

24               “(4) 95 per centum of the remaining excess.

25 However, the amount retained by or ceded to a company

1 may not exceed 25 per centum of the amount of the com-  
2 pany's total life insurance in force in the United States on  
3 the determination date.

4 " (d) The Administration may modify the computations  
5 under this section as necessary to carry out the intent of this  
6 section.

7 "PERSONS INSURED; AMOUNT

8 "SEC. 803. (a) Any policy of insurance purchased by  
9 the Administration under this subpart shall automatically  
10 insure any public safety officer of a State or unit of general  
11 local government which has (1) applied to the Administra-  
12 tion for participation in the insurance program under this  
13 subpart, and (2) agreed to deduct from such officer's pay  
14 the amount of such officer's contribution, if any, and forward  
15 such amount to the Administration or such other agency or  
16 office as is designated by the Administration as the collection  
17 agency or office for such contributions. The insurance pro-  
18 vided under this subpart shall take effect from the first day  
19 agreed upon by the Administration and the responsible offi-  
20 cials of the State or unit of general local government making  
21 application for participation in the program as to public  
22 safety officers then on the payroll, and as to public safety  
23 officers thereafter entering on duty from the first day of such  
24 duty. The insurance provided by this subpart shall so insure  
25 all such public safety officers unless any such officer elects in

1 writing not to be insured under this subpart. If any such  
 2 officer elects not to be insured under this subpart he may  
 3 thereafter, if eligible, be insured under this subpart upon  
 4 written application, proof of good health, and compliance  
 5 with such other terms and conditions as may be prescribed  
 6 by the Administration.

7       “(b) A public safety officer eligible for insurance under  
 8 this subpart is entitled to be insured for an amount of group  
 9 life insurance, plus an equal amount of group accidental death  
 10 and dismemberment insurance, in accordance with the fol-  
 11 lowing schedule:

Greater than--	"If annual pay is--		The amount of group insurance is--	
		But not greater than--	Life	Accidental death and dismemberment
0.....		\$8,000	\$10,000	\$10,000
\$8,000.....		9,000	11,000	11,000
\$9,000.....		10,000	12,000	12,000
\$10,000.....		11,000	13,000	13,000
\$11,000.....		12,000	14,000	14,000
\$12,000.....		13,000	15,000	15,000
\$13,000.....		14,000	16,000	16,000
\$14,000.....		15,000	17,000	17,000
\$15,000.....		16,000	18,000	18,000
\$16,000.....		17,000	19,000	19,000
\$17,000.....		18,000	20,000	20,000
\$18,000.....		19,000	21,000	21,000
\$19,000.....		20,000	22,000	22,000
\$20,000.....		21,000	23,000	23,000
\$21,000.....		22,000	24,000	24,000
\$22,000.....		23,000	25,000	25,000
\$23,000.....		24,000	26,000	26,000
\$24,000.....		25,000	27,000	27,000
\$25,000.....		26,000	28,000	28,000
\$26,000.....		27,000	29,000	29,000
\$27,000.....		28,000	30,000	30,000
\$28,000.....		29,000	31,000	31,000
\$29,000.....			32,000	32,000

12 The amount of such insurance shall automatically increase at  
 13 any time the amount of increase in the annual basic rate of  
 14 pay places any such officer in a new pay bracket of the  
 15 schedule and any necessary adjustment is made in his con-  
 16 tribution to the total premium.

1       “(c) Subject to conditions and limitations approved by  
 2 the Administration which shall be included in any policy  
 3 purchased by it, the group accidental death and dismember-  
 4 ment insurance shall provide for the following payments:

“Loss	Amount payable
For loss of life-----	Full amount shown in the sched- ule in subsection (b) of this sec- tion.
Loss of one hand or of one foot or loss of sight of one eye.	One-half of the amount shown in the schedule in subsection (b) of this section.
Loss of two or more such members---	Full amount shown in the schedule in subsection (b) of this section.

5 The aggregate amount of group accidental death and dis-  
 6 memberment insurance that may be paid in the case of any  
 7 insured as the result of any one accident may not exceed the  
 8 amount shown in the schedule in subsection (b) of this  
 9 section.

10       “(d) Any policy purchased under this subpart may  
 11 provide for adjustments to prevent duplication of payments  
 12 under any program of Federal gratuities for killed or injured  
 13 public safety officers.

14       “(e) Group life insurance shall include provisions ap-  
 15 proved by the Administration for continuance of such life  
 16 insurance without requirement of contribution payment dur-  
 17 ing a period of disability of a public safety officer covered for  
 18 such life insurance.

19       “(f) The Administration shall prescribe regulations  
 20 providing for the conversion of other than annual rates of

1 pay to annual rates of pay and shall specify the types of  
2 pay included in annual pay.

3 "TERMINATION OF COVERAGE

4 "SEC. 804. Each policy purchased under this subpart  
5 shall contain a provision, in terms approved by the Admin-  
6 istration, to the effect that any insurance thereunder on any  
7 public safety officer shall cease two months after (1) his  
8 separation or release from duty as such an officer or (2)  
9 discontinuance of his pay as such an officer, whichever is  
10 earlier: *Provided, however,* That coverage shall be continued  
11 during periods of leave or limited disciplinary suspension if  
12 such an officer authorizes or otherwise agrees to make or  
13 continue to make any required contribution for the insur-  
14 ance provided by this subpart.

15 "CONVERSION

16 "SEC. 805. Each policy purchased under this subpart  
17 shall contain a provision, in terms approved by the Admin-  
18 istration, for the conversion of the group life insurance por-  
19 tion of the policy to an individual policy of life insurance  
20 effective the day following the date such insurance would  
21 cease as provided in section 804 of this subpart. During the  
22 period such insurance is in force, the insured, upon request to  
23 the Administration, shall be furnished a list of life insurance  
24 companies participating in the program established under  
25 this subpart and upon written application (with such period)

1 to the participating company selected by the insured and  
2 payment of the required premiums, the insured shall be  
3 granted life insurance without a medical examination on a  
4 permanent plan then currently written by such company  
5 which does not provide for the payment of any sum less  
6 than the face value thereof. In addition to the life insurance  
7 companies participating in the program established under  
8 this subpart, such list shall include additional life insurance  
9 companies (not so participating) which meet qualifying  
10 criteria, terms, and conditions, established by the Adminis-  
11 tration and agree to sell insurance to any eligible insured in  
12 accordance with the provisions of this section.

13 "WITHHOLDING OF PREMIUMS FROM PAY

14 "SEC. 806. During any period in which a public safety  
15 officer is insured under a policy of insurance purchased by  
16 the Administration under this subpart, his employer shall  
17 withhold each pay period from his basic or other pay until  
18 separation or release from duty as a public safety officer an  
19 amount determined by the Administration to be such officer's  
20 share of the cost of his group life insurance and accidental  
21 death and dismemberment insurance. Any such amount not  
22 withheld from the basic or other pay of such officer insured  
23 under this subpart while on duty as a public safety officer,  
24 if not otherwise paid, shall be deducted from the proceeds of  
25 any insurance thereafter payable. The initial amount deter-

1 mined by the Administration to be charged any public safety  
2 officer for each unit of insurance under this subpart may be  
3 continued from year to year, except that the Administration  
4 may redetermine such amount from time to time in accord-  
5 ance with experience.

6 "SHARING OF COST OF INSURANCE

7 "SEC. 807. For each month any public safety officer is  
8 insured under this subpart, the Administration shall be  
9 not more than one-third of the cost of insurance for such  
10 officer, or such lesser amount as may from time to time be  
11 determined by the Administration to be a practicable and  
12 equitable obligation of the United States in assisting the  
13 States and units of general local government in recruiting  
14 and retaining their public safety officers.

15 "INVESTMENTS AND EXPENSES

16 "SEC. 808. (a) The amounts withheld from the basic or  
17 other pay of public safety officers as contributions to premi-  
18 ums for insurance under section 806 of this subpart, any sums  
19 contributed by the Administration under section 807 of this  
20 subpart, and any sums contributed for insurance under this  
21 subpart by States and units of general local government under  
22 section 15 of this part, together with the income derived  
23 from any dividends or premium rate readjustment from in-  
24 surers, shall be deposited to the credit of a revolving fund  
25 established by section 17 of this part. All premium pay-

1 ments on any insurance policy or policies purchased under  
2 this subpart and the administrative costs to the Administration  
3 of the insurance program established by this subpart shall  
4 be paid from the revolving fund by the Administration.

5       “(b) The Administration is authorized to set aside out  
6 of the revolving fund such amounts as may be required to  
7 meet the administrative costs to the Administration of the  
8 program and all current premium payments on any policy  
9 purchased under this subpart. The Secretary of the Treasury  
10 is authorized to invest in and to sell and retire special interest-  
11 bearing obligations of the United States for the account of the  
12 revolving fund. Such obligations issued for this purpose  
13 shall have maturities fixed with due regard for the needs of  
14 the fund and shall bear interest at a rate equal to the average  
15 market yield (computed by the Secretary of the Treasury on  
16 the basis of market quotations as of the end of the calendar  
17 month next preceding the date of issue) on all marketable  
18 interest-bearing obligations of the United States then forming  
19 a part of the public debt which are not due or callable until  
20 after the expiration of four years from the end of such cal-  
21 endar month; except that where such average market yield is  
22 not a multiple of one-eighth of 1 per centum, the rate of  
23 interest of such obligation shall be the multiple of one-eighth  
24 of 1 per centum nearest market yield. The interest on and  
25 the proceeds from the sale of these obligations, and the

1 income derived from dividends or premium rate adjustments  
2 from insurers, shall become a part of the revolving fund.

3 "BENEFICIARIES; PAYMENT OF INSURANCE

4 "SEC. 809. (a) Any amount of insurance in force under  
5 this subpart on any public safety officer or former public  
6 safety officer on the date of his death shall be paid, upon the  
7 establishment of a valid claim therefor, to the person or  
8 persons surviving at the date of his death, in the following  
9 order of precedence:

10 " (1) to the beneficiary or beneficiaries as the public  
11 safety officer or former public safety officer may have  
12 designated by a writing received in his employer's office  
13 prior to his death;

14 " (2) if there is no such beneficiary, to the surviving  
15 spouse of such officer or former officer;

16 " (3) if none of the above, to the child or children  
17 of such officer or former officer and to the descendants of  
18 deceased children by representation in equal shares;

19 " (4) if none of the above, to the parent or parents  
20 of such officer or former officer, in equal shares; or

21 " (5) if none of the above, to the duly appointed  
22 executor or administrator of the estate of such officer or  
23 former officer.

24 *Providd, however,* That if a claim has not been made by  
25 a person under this section within the period set forth in sub-

1 section (b) of this section, the amount payable shall escheat  
2 to the credit of the revolving fund established by section 17  
3 of this part.

4 “(b) A claim for payment shall be made by a person  
5 entitled under the order of precedence set forth in subsection  
6 (a) of this section within two years from the date of death  
7 of a public safety officer or former public safety officer.

8 “(c) The public safety officer may elect settlement of  
9 insurance under this subpart either in a lump sum or in  
10 thirty-six equal monthly installments. If no such election is  
11 made by such officer, the beneficiary or other person en-  
12 titled to payment under this section may elect settlement  
13 either in a lump sum or in thirty-six equal monthly install-  
14 ments. If any such officer has elected settlement in a lump  
15 sum, the beneficiary or other person entitled to payment  
16 under this section may elect settlement in thirty-six equal  
17 monthly installments.

18 “BASIC TABLES OF PREMIUMS; READJUSTMENTS OF RATES

19 “SEC. 810. (a) Each policy or policies purchased  
20 under this subpart shall include for the first policy year a  
21 schedule of basic premium rates by age which the Admin-  
22 istration shall have determined on a basis consistent with the  
23 lowest schedule of basic premium rates generally charged for  
24 new group life insurance policies issued to large employers,  
25 taking into account expense and risk charges and other rates

1 based on the special characteristics of the group. The sched-  
2 ule of basic premium rates by age shall be applied, except as  
3 otherwise provided in this section, to the distribution by age  
4 of the amount of group life insurance and group accidental  
5 death and dismemberment insurance under the policy at its  
6 date of issue to determine an average basic premium per  
7 \$1,000 of insurance, taking into account all savings based on  
8 the size of the group established by this subpart. Each policy  
9 so purchased shall also include provisions whereby the basic  
10 rates of premium determined for the first policy year shall be  
11 continued for subsequent policy years, except that they may  
12 be readjusted for any subsequent year, based on the experi-  
13 ence under the policy, such readjustment to be made by the  
14 insurance company issuing the policy on a basis determined  
15 by the Administration in advance of such year to be con-  
16 sistent with the general practice of life insurance companies  
17 under policies of group life insurance and group accidental  
18 death and dismemberment insurance issued to large  
19 employers.

20       “(b) Each policy so purchased shall include a provision  
21 that, in the event the Administration determines that ascer-  
22 taining the actual age distribution of the amounts of group  
23 life insurance in force at the date of issue of the policy or at  
24 the end of the first or any subsequent year of insurance  
25 thereunder would not be possible except at a disproportion-

1 ately high expense, the Administration may approve the  
2 determination of a tentative average group life premium, for  
3 the first of any subsequent policy year, in lieu of using the  
4 actual age distribution. Such tentative average premium rate  
5 may be increased by the Administration during any policy  
6 year upon a showing by the insurance company issuing the  
7 policy that the assumptions made in determining the tentative  
8 average premium rate for that policy year were incorrect.

9       “(c) Each policy so purchased shall contain a provision  
10 stipulating the maximum expense and risk charges for the  
11 first policy year, which charges shall have been determined  
12 by the Administration on a basis consistent with the general  
13 level of such charges made by life insurance companies under  
14 policies of group life insurance and group accidental death  
15 and dismemberment insurance issued to large employers, tak-  
16 ing into consideration peculiar characteristics of the group.  
17 Such maximum charges shall be continued from year to year,  
18 except that the Administration may redetermine such maxi-  
19 mum charges for any year either by agreement with the  
20 insurance company or companies issuing the policy or upon  
21 written notice given by the Administration to such companies  
22 at least one year in advance of the beginning of the year for  
23 which such redetermined maximum charges will be effective.

24       “(d) Each such policy shall provide for an accounting  
25 to the Administration not later than ninety days after the

1 end of each policy year, which shall set forth, in a form  
2 approved by the Administration, (1) the amounts of pre-  
3 miums actually accrued under the policy from its date of  
4 issue to the end of such policy year, (2) the total of all  
5 mortality, dismemberment, and other claim charges incurred  
6 for that period, and (3) the amounts of the insurers' ex-  
7 pence and risk charge for that period. Any excess of item  
8 (1) over the sum of items (2) and (3) shall be held by the  
9 insurance company issuing the policy as a special contin-  
10 gency reserve to be used by such insurance company for  
11 charges under such policy only, such reserve to bear interest  
12 at a rate to be determined in advance of each policy year by  
13 the insurance company issuing the policy, which rate shall be  
14 approved by the Administration as being consistent with the  
15 rates generally used by such company or companies for sim-  
16 ilar funds held under other group life insurance policies. If  
17 and when the Administration determines that such special  
18 contingency reserve has attained an amount estimated by the  
19 Administration to make satisfactory provision for adverse  
20 fluctuations in future charges under the policy, any further  
21 excess shall be deposited to the credit of the revolving fund  
22 established under this subpart. If and when such policy is  
23 discontinued, and if, after all charges have been made, there  
24 is any positive balance remaining in such special contingency  
25 reserve, such balance shall be deposited to the credit of the

1 revolving fund, subject to the right of the insurance company  
2 issuing the policy to make such deposit in equal monthly  
3 installments over a period of not more than two years.

4 "BENEFIT CERTIFICATES

5 "SEC. 811. The Administration shall arrange to have  
6 each public safety officer insured under a policy purchased  
7 under this subpart receive a certificate setting forth the bene-  
8 fits to which such officer is entitled thereunder, to whom such  
9 benefit shall be payable, to whom claims should be submitted,  
10 and summarizing the provisions of the policy principally  
11 affecting the officer. Such certificate shall be in lieu of the  
12 certificate which the insurance company would otherwise be  
13 required to issue.

14 "Subpart 2—Assistance to States and Localities for Public  
15 Safety Officer's Group Life Insurance Programs

16 "SEC. 812. (a) Any State or unit of general local gov-  
17 ernment having an existing program of group life insurance  
18 for, or including as eligible, public safety officers during the  
19 first year after the effective date of this part, which desires to  
20 receive assistance under the provisions of this subpart shall—

21 " (1) inform the public safety officers of the benefits  
22 and allocation of premium costs under both the Federal  
23 program established by subpart 1 of this part and the  
24 existing State or unit of general local government  
25 program;

1           “(2) hold a referendum of the eligible public safety  
2 officers of the State or unit of general local government  
3 to determine whether such officers want to continue in  
4 the existing group life insurance program or apply for  
5 inclusion in the Federal program under the provisions  
6 of subpart 1 of this part; and

7           “(3) recognize the results of the referendum as  
8 finally binding on the State or unit of general local gov-  
9 ernment for the purposes of this part.

10          “(b) Upon an affirmative vote of a majority of such  
11 officers to continue in such State or unit of general local  
12 government program, a State or unit of general local govern-  
13 ment may apply for assistance for such program of group  
14 life insurance and the Administration shall provide assistance  
15 in accordance with this subpart.

16          “(c) State and unit of general local government pro-  
17 grams eligible for assistance under this subpart shall receive  
18 assistance on the same basis as if the officer were enrolled  
19 under subpart 1 of this part, subject to proportionate reduc-  
20 tion if—

21           “(1) the program offers a lesser amount of coverage  
22 than is available under subpart 1 of this part, in which  
23 case assistance shall be available only to the extent of  
24 coverage actually afforded;

25           “(2) the program offers a greater amount of cover-

1 age than is available under subpart 1 of this part, in  
2 which case assistance shall be available only for the  
3 amount of coverage afforded under subpart 1 of this  
4 part;

5 “(3) the cost per unit of insurance is greater than  
6 for the program under subpart 1 of this part, in which  
7 case assistance shall be available only at the rate per  
8 unit of insurance provided under subpart 1 of this part;  
9 or

10 “(4) the amount of assistance would otherwise be  
11 a larger fraction of the total cost of the State or unit  
12 of general local government program than is granted  
13 under subpart 1 of this part, in which case assistance  
14 shall not exceed the fraction of total cost available under  
15 subpart 1 of this part.

16 “(d) Assistance under this subpart shall be used to  
17 reduce proportionately the contributions paid by the State or  
18 unit of general local government and by the appropriate pub-  
19 lic safety officers to the total premium under such program:  
20 *Provided, however,* That the State or unit of general local  
21 government and the insured public safety officers may by  
22 agreement change the contributions to premium costs paid by  
23 each, but not so that such officers must pay a higher frac-  
24 tion of the total premium than before the granting of assist-  
25 ance.

## 1                   "Subpart 3—General Provisions

## 2                   "UTILIZATION OF OTHER AGENCIES

3           "SEC. 813. In administering the provisions of this part,  
4 the Administration is authorized to utilize the services and  
5 facilities of any agency of the Federal Government or a State  
6 or unit of general local government or a company from which  
7 insurance is purchased under this part, in accordance with  
8 appropriate agreements, and to pay for such services either  
9 in advance or by way of reimbursement, as may be agreed  
10 upon.

## 11           "ADVISORY COUNCIL ON PUBLIC SAFETY OFFICERS'

## 12                   GROUP LIFE INSURANCE

13           "SEC. 814. There is hereby created an Advisory Council  
14 on Public Safety Officers' Group Life Insurance consisting  
15 of the Attorney General as Chairman, the Secretary of the  
16 Treasury, the Secretary of Health, Education, and Wel-  
17 fare, and the Director of the Office of Management and  
18 Budget, each of whom shall serve without additional com-  
19 pensation. The Council shall meet not less than once a year,  
20 at the call of the Chairman, and shall review the administra-  
21 tion of this part and advise the Administration on matters  
22 of policy relating to its activity thereunder. In addition, the  
23 Administration may solicit advice and recommendations from  
24 any State or unit of general local government participating  
25 in a public safety officers' group life insurance program

1 under this part, from any insurance company underwriting  
2 programs under this part, and from public safety officers  
3 participating in group life insurance programs under this  
4 part.

5 "PREMIUM PAYMENTS ON BEHALF OF PUBLIC SAFETY  
6 OFFICERS.

7 "SEC. 815. Nothing in this part shall be construed to  
8 preclude any State or unit of general local government from  
9 making contributions on behalf of public safety officers to  
10 the premiums required to be paid by them for any group  
11 life insurance program receiving assistance under this part.

12 "WAIVER OF SOVEREIGN IMMUNITY

13 "SEC. 816. The Administration may sue or be sued on  
14 any cause of action arising under this part.

15 "PUBLIC SAFETY OFFICERS' GROUP INSURANCE  
16 REVOLVING FUND

17 "SEC. 817. There is hereby created on the books of  
18 the Treasury of the United States a fund known as the  
19 Public Safety Officers' Group Life Insurance Revolving Fund  
20 which may be utilized only for the purposes of subpart 1  
21 of this part."

22 MISCELLANEOUS

23 SEC. 3. Subsection (c) of section 520 of the Omnibus  
24 Crime Control and Safe Streets Act of 1968, as amended, is

1 amended by striking the words "part J" at the end thereof  
2 and substituting in lieu thereof the words "parts J and K."

3       SEC. 4. The authority to make payments under part K  
4 of the Omnibus Crime Control and Safe Streets Act of 1968  
5 (as added by section 2 of this Act) shall be effective only to  
6 the extent provided for in advance by appropriation Acts.

7       SEC. 5. If the provisions of any part of this Act are  
8 found invalid, the provisions of the other parts and their  
9 application to other persons or circumstances shall not be  
10 affected thereby.

11       SEC. 6. This Act shall become effective on date of  
12 enactment.

95TH CONGRESS  
1ST SESSION

# S. 262

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IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 20, 1977

Referred to the Committee on the Judiciary

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## AN ACT

To amend the Omnibus Crime Control and Safe Streets Act of 1968, as amended, to authorize group life insurance programs for public safety officers and to assist State and local governments to provide such insurance, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That this Act may be cited as the "Public Safety Officers'  
4       Group Life Insurance Act of 1977".

5       SEC. 2. It is the declared purpose of Congress in this  
6       Act to promote the public welfare by establishing a means  
7       of meeting the financial needs of public safety officers or

1 their surviving dependents through group life, accidental  
 2 death, and dismemberment insurance, and to assist State  
 3 and local governments to provide such insurance.

4 INSURANCE PROGRAM AUTHORIZED

5 SEC. 3. Title I of the Omnibus Crime Control and Safe  
 6 Streets Act of 1968, as amended, is amended by adding at  
 7 the end the following new part:

8 "PART K—PUBLIC SAFETY OFFICERS' GROUP LIFE

9 INSURANCE

10 "DEFINITIONS

11 "SEC. 800. For the purposes of this part—

12 "(1) 'child' means any natural, adopted, illegiti-  
 13 mate or posthumous child, or stepchild;

14 "(2) 'month' means a month that runs from a given  
 15 day in one month to a day of the corresponding number  
 16 in the next or specified succeeding months, except  
 17 when the last month has not so many days, in which  
 18 event it expires on the last day of the month; and

19 "(3) 'public safety officer' means a person serving  
 20 a public agency in an official capacity, with or without  
 21 compensation, in—

22 "(A) the enforcement of the criminal laws, in-  
 23 cluding highway patrol,

24 "(B) a correctional probation or parole pro-  
 25 gram, facility, or institution where the activity is

1           potentially dangerous because of contact with  
2           criminal suspects, defendants, prisoners, probation-  
3           ers, or parolees,

4           “(C) a court having criminal or juvenile delin-  
5           quent jurisdiction where the activity is potentially  
6           dangerous because of contact with criminal suspects,  
7           defendants, prisoners, probationers, or parolees, or

8           “(D) firefighting, including officially recog-  
9           nized or designated and legally organized volunteer  
10          firefighting,

11          but does not include any person eligible to participate  
12          in the insurance program established by chapter 87 of  
13          title 5 of the United States Code, or any person par-  
14          ticipating in the program established by subchapter III  
15          of chapter 19 of title 38 of the United States Code;

16          “(4) ‘public agency’ means any State of the  
17          United States, the District of Columbia, the Common-  
18          wealth of Puerto Rico, and any territory or possession  
19          of the United States or any unit of local government,  
20          combination of such States, or units, or any department,  
21          agency or instrumentality of any of the foregoing.

22          “Subpart 1—Nationwide Program of Group Life

23                  Insurance for Public Safety Officers

24                  “ELIGIBLE INSURANCE COMPANIES

25          “SEC. 801. (a) The Administration is authorized,

1 without regard to section 3709 of the Revised Statutes, as  
2 amended (41 U.S.C. 5), to purchase from one or more  
3 life insurance companies a policy or policies of group life  
4 insurance to provide the benefits in this subpart. Each such  
5 life insurance company must (1) be licensed to issue life,  
6 accidental death, and dismemberment insurance in each of  
7 the fifty States of the United States and the District of  
8 Columbia, and (2) as of the most recent December 31 for  
9 which information is available to the Administration, have  
10 in effect at least 1 per centum of the total amount of group  
11 life insurance companies have in effect in the United States.

12 " (b) Any life insurance company issuing such a policy  
13 shall establish an administrative office at a place and under  
14 a name designated by the Administration.

15 " (c) The Administration may at any time discontinue  
16 any policy which it has purchased from any insurance com-  
17 pany under this subpart.

18 "REINSURANCE

19 "SEC. 802. (a) The Administration shall arrange with  
20 each life insurance company issuing a policy under this sub-  
21 part for the reinsurance, under conditions approved by the  
22 Administration, of portions of the total amount of insurance  
23 under the policy, determined under this section, with other  
24 life insurance companies which elect to participate in the  
25 reinsurance.

1       “(b) The Administration shall determine for and in  
2 advance of a policy year which companies are eligible to  
3 participate as reinsurers and the amount of insurance under  
4 a policy which is to be allocated to the issuing company and  
5 to reinsurers. The Administration shall make this determina-  
6 tion at least every three years and when a participating com-  
7 pany withdraws.

8       “(c) The Administration shall establish a formula under  
9 which the amount of insurance retained by an issuing com-  
10 pany after ceding reinsurance, and the amount of reinsurance  
11 ceded to each reinsurer, is in proportion to the total amount  
12 of each company's group life insurance, excluding insurance  
13 purchased under this subpart, in force in the United States  
14 on the determination date, which is the most recent Decem-  
15 ber 31 for which information is available to the Administra-  
16 tion. In determining the proportions, the portion of a com-  
17 pany's group life insurance in force on the determination  
18 date in excess of \$100,000,000 shall be reduced by—

19               “(1) 25 per centum of the first \$100,000,000 of  
20 the excess;

21               “(2) 50 per centum of the second \$100,000,000 of  
22 the excess;

23               “(3) 75 per centum of the third \$100,000,000 of  
24 the excess; and

25               “(4) 95 per centum of the remaining excess.

1 However, the amount retained by or ceded to a company  
2 may not exceed 25 per centum of the amount of the com-  
3 pany's total life insurance in force in the United States on  
4 the determination date.

5 " (d) The Administration may modify the computations  
6 under this section as necessary to carry out the intent of this  
7 section.

8 "PERSONS INSURED; AMOUNT

9 "SEC. 803. (a) Any policy of insurance purchased by  
10 the Administration under this subpart shall automatically  
11 insure any public safety officer of a State or unit of general  
12 local government which has (1) applied to the Administra-  
13 tion for participation in the insurance program under this  
14 subpart, and (2) agreed to deduct from such officer's pay  
15 the amount of such officer's contribution, if any, and forward  
16 such amount to the Administration or such other agency or  
17 office as is designated by the Administration as the collection  
18 agency or office for such contributions. The insurance pro-  
19 vided under this subpart shall take effect from the first day  
20 agreed upon by the Administration and the responsible offi-  
21 cials of the State or unit of general local government making  
22 application for participation in the program as to public  
23 safety officers then on the payroll, and as to public safety  
24 officers thereafter entering on duty from the first day of such  
25 duty. The insurance provided by this subpart shall so insure

1 all such public safety officers unless any such officer elects in  
 2 writing not to be insured under this subpart. If any such  
 3 officer elects not to be insured under this subpart he may  
 4 thereafter, if eligible, be insured under this subpart upon  
 5 written application, proof of good health, and compliance  
 6 with such other terms and conditions as may be prescribed  
 7 by the Administration.

8 “(b) A public safety officer eligible for insurance under  
 9 this subpart is entitled to be insured for an amount of group  
 10 life insurance, plus an equal amount of group accidental death  
 11 and dismemberment insurance, in accordance with the fol-  
 12 lowing schedule:

Greater than--	"If annual pay is--		
	But not greater than--	The amount of group insurance is--	
		Life	Accidental death and dismemberment
0	\$3,000	\$10,000	\$10,000
\$5,000	9,000	11,000	11,000
\$9,000	10,000	12,000	12,000
\$10,000	11,000	13,000	13,000
\$11,000	12,000	14,000	14,000
\$12,000	13,000	15,000	15,000
\$13,000	14,000	16,000	16,000
\$14,000	15,000	17,000	17,000
\$15,000	16,000	18,000	18,000
\$16,000	17,000	19,000	19,000
\$17,000	18,000	20,000	20,000
\$18,000	19,000	21,000	21,000
\$19,000	20,000	22,000	22,000
\$20,000	21,000	23,000	23,000
\$21,000	22,000	24,000	24,000
\$22,000	23,000	25,000	25,000
\$23,000	24,000	26,000	26,000
\$24,000	25,000	27,000	27,000
\$25,000	26,000	28,000	28,000
\$26,000	27,000	29,000	29,000
\$27,000	28,000	30,000	30,000
\$28,000	29,000	31,000	31,000
\$29,000		32,000	32,000

13 The amount of such insurance shall automatically increase at  
 14 any time the amount of increase in the annual basic rate of  
 15 pay places any such officer in a new pay bracket of the  
 16 schedule and any necessary adjustment is made in his con-  
 17 tribution to the total premium.

1       “(c) Subject to conditions and limitations approved by  
 2 the Administration which shall be included in any policy  
 3 purchased by it, the group accidental death and dismember-  
 4 ment insurance shall provide for the following payments:

“Loss	Amount payable
For loss of life.....	Full amount shown in the schedule in subsection (b) of this section.
Loss of one hand or of one foot or loss of sight of one eye.	One-half of the amount shown in the schedule in subsection (b) of this section.
Loss of two or more such members...	Full amount shown in the schedule in subsection (b) of this section.

5 The aggregate amount of group accidental death and dis-  
 6 memberment insurance that may be paid in the case of any  
 7 insured as the result of any one accident may not exceed the  
 8 amount shown in the schedule in subsection (b) of this  
 9 section.

10       “(d) Any policy purchased under this subpart may  
 11 provide for adjustments to prevent duplication of payments  
 12 under any program of Federal gratuities for killed or injured  
 13 public safety officers.

14       “(e) Group life insurance shall include provisions ap-  
 15 proved by the Administration for continuance of such life  
 16 insurance without requirement of contribution payment dur-  
 17 ing a period of disability of a public safety officer covered for  
 18 such life insurance.

19       “(f) The Administration shall prescribe regulations  
 20 providing for the conversion of other than annual rates of

1 pay to annual rates of pay and shall specify the types of  
2 pay included in annual pay.

3 "TERMINATION OF COVERAGE

4 "SEC. 804. Each policy purchased under this subpart  
5 shall contain a provision, in terms approved by the Admin-  
6 istration, to the effect that any insurance thereunder on any  
7 public safety officer shall cease two months after (1) his  
8 separation or release from duty as such an officer or (2)  
9 discontinuance of his pay as such an officer, whichever is  
10 earlier: *Provided, however,* That coverage shall be continued  
11 during periods of leave or limited disciplinary suspension if  
12 such an officer authorizes or otherwise agrees to make or  
13 continue to make any required contribution for the insur-  
14 ance provided by this subpart.

15 "CONVERSION

16 "SEC. 805. Each policy purchased under this subpart  
17 shall contain a provision, in terms approved by the Admin-  
18 istration, for the conversion of the group life insurance por-  
19 tion of the policy to an individual policy of life insurance  
20 effective the day following the date such insurance would  
21 cease as provided in section 804 of this subpart. During the  
22 period such insurance is in force, the insured, upon request to  
23 the Administration, shall be furnished a list of life insurance  
24 companies participating in the program established under

1 this subpart and upon written application (with such period)  
2 to the participating company selected by the insured and  
3 payment of the required premiums, the insured shall be  
4 granted life insurance without a medical examination on a  
5 permanent plan then currently written by such company  
6 which does not provide for the payment of any sum less  
7 than the face value thereof. In addition to the life insurance  
8 companies participating in the program established under  
9 this subpart, such list shall include additional life insurance  
10 companies (not so participating) which meet qualifying  
11 criteria, terms, and conditions, established by the Adminis-  
12 tration and agree to sell insurance to any eligible insured in  
13 accordance with the provisions of this section.

14 "WITHHOLDING OF PREMIUMS FROM PAY

15 "SEC. 806. During any period in which a public safety  
16 officer is insured under a policy of insurance purchased by  
17 the Administration under this subpart, his employer shall  
18 withhold each pay period from his basic or other pay until  
19 separation or release from duty as a public safety officer an  
20 amount determined by the Administration to be such officer's  
21 share of the cost of his group life insurance and accidental  
22 death and dismemberment insurance. Any such amount not  
23 withheld from the basic or other pay of such officer insured  
24 under this subpart while on duty as a public safety officer, if  
25 not otherwise paid, shall be deducted from the proceeds of

1 any insurance thereafter payable. The initial amount deter-  
2 mined by the Administration to be charged any public safety  
3 officer for each unit of insurance under this subpart may be  
4 continued from year to year, except that the Administration  
5 may redetermine such amount from time to time in accord-  
6 ance with experience.

7 "SHARING OF COST OF INSURANCE

8 "SEC. 807. For each month any public safety officer is  
9 insured under this subpart, the Administration shall bear  
10 not more than one-third of the cost of insurance for such  
11 officer, or such lesser amount as may from time to time be  
12 determined by the Administration to be a practicable and  
13 equitable obligation of the United States in assisting the  
14 States and units of general local government in recruiting  
15 and retaining their public safety officers.

16 "INVESTMENTS AND EXPENSES

17 "SEC. 808. (a) The amounts withheld from the basic or  
18 other pay of public safety officers as contributions to premi-  
19 ums for insurance under section 806 of this subpart, any sums  
20 contributed by the Administration under section 807 of this  
21 subpart, and any sums contributed for insurance under this  
22 subpart by States and units of general local government  
23 under section 815 of this part, together with the income de-  
24 rived from any dividends or premium rate readjustment from  
25 insurers, shall be deposited to the credit of a revolving fund

1 established by section 817 of this part. All premium pay-  
2 ments on any insurance policy or policies purchased under  
3 this subpart and the administrative costs to the Adminis-  
4 tration of the insurance program established by this subpart  
5 shall be paid from the revolving fund by the Administration.

6       “(b) The Administration is authorized to set aside out  
7 of the revolving fund such amounts as may be required to  
8 meet the administrative costs to the Administration of the  
9 program and all current premium payments on any policy  
10 purchased under this subpart. The Secretary of the Treasury  
11 is authorized to invest in and to sell and retire special interest-  
12 bearing obligations of the United States for the account of the  
13 revolving fund. Such obligations issued for this purpose  
14 shall have maturities fixed with due regard for the needs of  
15 the fund and shall bear interest at a rate equal to the average  
16 market yield (computed by the Secretary of the Treasury on  
17 the basis of market quotations as of the end of the calendar  
18 month next preceding the date of issue) on all marketable  
19 interest-bearing obligations of the United States then forming  
20 a part of the public debt which are not due or callable until  
21 after the expiration of four years from the end of such cal-  
22 endar month; except that where such average market yield is  
23 not a multiple of one-eighth of 1 per centum, the rate of  
24 interest of such obligation shall be the multiple of one-eighth  
25 of 1 per centum nearest market yield. The interest on and

1 the proceeds from the sale of these obligations, and the  
2 income derived from dividends or premium rate adjustments  
3 from insurers, shall become a part of the revolving fund.

4 "BENEFICIARIES; PAYMENT OF INSURANCE

5 "SEC. 809. (a) Any amount of insurance in force under  
6 this subpart on any public safety officer or former public  
7 safety officer on the date of his death shall be paid, upon the  
8 establishment of a valid claim therefor, to the person or  
9 persons surviving at the date of his death, in the following  
10 order of precedence:

11 " (1) to the beneficiary or beneficiaries as the public  
12 safety officer or former public safety officer may have  
13 designated by a writing received in his employer's office  
14 prior to his death;

15 " (2) if there is no such beneficiary, to the surviving  
16 spouse of such officer or former officer;

17 " (3) if none of the above, to the child or children  
18 of such officer or former officer and to the descendants of  
19 deceased children by representation in equal shares;

20 " (4) if none of the above, to the parent or parents  
21 of such officer or former officer, in equal shares; or

22 " (5) if none of the above, to the duly appointed  
23 executor or administrator of the estate of such officer or  
24 former officer.

25 *Provided, however,* That if a claim has not been made by

1 a person under this section within the period set forth in sub-  
2 section (b) of this section, the amount payable shall escheat  
3 to the credit of the revolving fund established by section 817  
4 of this part.

5 “(b) A claim for payment shall be made by a person  
6 entitled under the order of precedence set forth in subsection  
7 (a) of this section within two years from the date of death  
8 of a public safety officer or former public safety officer.

9 “(c) The public safety officer may elect settlement of  
10 insurance under this subpart either in a lump sum or in  
11 thirty-six equal monthly installments. If no such election is  
12 made by such officer, the beneficiary or other person en-  
13 titled to payment under this section may elect settlement  
14 either in a lump sum or in thirty-six equal monthly install-  
15 ments. If any such officer has elected settlement in a lump  
16 sum, the beneficiary or other person entitled to payment  
17 under this section may elect settlement in thirty-six equal  
18 monthly installments.

19 “BASIC TABLES OF PREMIUMS; READJUSTMENTS OF RATES

20 “SEC. 810. (a) Each policy or policies purchased  
21 under this subpart shall include for the first policy year a  
22 schedule of basic premium rates by age which the Admin-  
23 istration shall have determined on a basis consistent with the  
24 lowest schedule of basic premium rates generally charged for  
25 new group life insurance policies issued to large employers,

1 taking into account expense and risk charges and other rates  
2 based on the special characteristics of the group. The sched-  
3 ule of basic premium rates by age shall be applied, except as  
4 otherwise provided in this section, to the distribution by age  
5 of the amount of group life insurance and group accidental  
6 death and dismemberment insurance under the policy at its  
7 date of issue to determine an average basic premium per  
8 \$1,000 of insurance, taking into account all savings based on  
9 the size of the group established by this subpart. Each policy  
10 so purchased shall also include provisions whereby the basic  
11 rates of premium determined for the first policy year shall be  
12 continued for subsequent policy years, except that they may  
13 be readjusted for any subsequent year, based on the experi-  
14 ence under the policy, such readjustment to be made by the  
15 insurance company issuing the policy on a basis determined  
16 by the Administration in advance of such year to be con-  
17 sistent with the general practice of life insurance companies  
18 under policies of group life insurance and group accidental  
19 death and dismemberment insurance issued to large  
20 employers.

21 “(b) Each policy so purchased shall include a provision  
22 that, in the event the Administration determines that ascer-  
23 taining the actual age distribution of the amounts of group  
24 life insurance in force at the date of issue of the policy or at  
25 the end of the first or any subsequent year of insurance

1 thereunder would not be possible except at a disproportion-  
2 ately high expense, the Administration may approve the  
3 determination of a tentative average group life premium, for  
4 the first of any subsequent policy year, in lieu of using the  
5 actual age distribution. Such tentative average premium rate  
6 may be increased by the Administration during any policy  
7 year upon a showing by the insurance company issuing the  
8 policy that the assumptions made in determining the tenta-  
9 tive average premium rate for that policy year were incorrect.

10       “(c) Each policy so purchased shall contain a provision  
11 stipulating the maximum expense and risk charges for the  
12 first policy year, which charges shall have been determined  
13 by the Administration on a basis consistent with the general  
14 level of such charges made by life insurance companies under  
15 policies of group life insurance and group accidental death  
16 and dismemberment insurance issued to large employers, tak-  
17 ing into consideration peculiar characteristics of the group.  
18 Such maximum charges shall be continued from year to year,  
19 except that the Administration may redetermine such maxi-  
20 mum charges for any year either by agreement with the  
21 insurance company or companies issuing the policy or upon  
22 written notice given by the Administration to such companies  
23 at least one year in advance of the beginning of the year for  
24 which such redetermined maximum charges will be effective.

25       “(d) Each such policy shall provide for an accounting

1 to the Administration not later than ninety days after the  
2 end of each policy year, which shall set forth, in a form  
3 approved by the Administration, (1) the amounts of pre-  
4 miums actually accrued under the policy from its date of  
5 issue to the end of such policy year, (2) the total of all  
6 mortality, dismemberment, and other claim charges incurred  
7 for that period, and (3) the amounts of the insurers' ex-  
8 pense and risk charge for that period. Any excess of item  
9 (1) over the sum of items (2) and (3) shall be held by the  
10 insurance company issuing the policy as a special contin-  
11 gency reserve to be used by such insurance company for  
12 charges under such policy only, such reserve to bear interest  
13 at a rate to be determined in advance of each policy year by  
14 the insurance company issuing the policy, which rate shall be  
15 approved by the Administration as being consistent with the  
16 rates generally used by such company or companies for sim-  
17 ilar funds held under other group life insurance policies. If  
18 and when the Administration determines that such special  
19 contingency reserve has attained an amount estimated by the  
20 Administration to make satisfactory provision for adverse  
21 fluctuations in future charges under the policy, any further  
22 excess shall be deposited to the credit of the revolving fund  
23 established under this subpart. If and when such policy is  
24 discontinued, and if, after all charges have been made, there  
25 is any positive balance remaining in such special contingency

1 reserve, such balance shall be deposited to the credit of the  
2 revolving fund, subject to the right of the insurance company  
3 issuing the policy to make such deposit in equal monthly  
4 installments over a period of not more than two years.

5 "BENEFIT CERTIFICATES

6 "SEC. 811. The Administration shall arrange to have  
7 each public safety officer insured under a policy purchased  
8 under this subpart receive a certificate setting forth the bene-  
9 fits to which such officer is entitled thereunder, to whom such  
10 benefit shall be payable, to whom claims should be submitted,  
11 and summarizing the provisions of the policy principally  
12 affecting the officer. Such certificate shall be in lieu of the  
13 certificate which the insurance company would otherwise be  
14 required to issue.

15 "Subpart 2—Assistance to States and Localities for Public  
16 Safety Officer's Group Life Insurance Programs

17 "SEC. 812. (a) Any State or unit of general local gov-  
18 ernment having an existing program of group life insurance  
19 for, or including as eligible, public safety officers during the  
20 first year after the effective date of this part, which desires to  
21 receive assistance under the provisions of this subpart shall—

22 "(1) inform the public safety officers of the benefits  
23 and allocation of premium costs under both the Federal  
24 program established by subpart 1 of this part and the

1 existing State or unit of general local government  
2 program;

3 “(2) hold a referendum of the eligible public safety  
4 officers of the State or unit of general local government  
5 to determine whether such officers want to continue in  
6 the existing group life insurance program or apply for  
7 inclusion in the Federal program under the provisions  
8 of subpart 1 of this part; and

9 “(3) recognize the results of the referendum as  
10 finally binding on the State or unit of general local gov-  
11 ernment for the purposes of this part.

12 “(b) Upon an affirmative vote of a majority of such  
13 officers to continue in such State or unit of general local  
14 government program, a State or unit of general local govern-  
15 ment may apply for assistance for such program of group  
16 life insurance and the Administration shall provide assistance  
17 in accordance with this subpart.

18 “(c) State and unit of general local government pro-  
19 grams eligible for assistance under this subpart shall receive  
20 assistance on the same basis as if the officer were enrolled  
21 under subpart 1 of this part, subject to proportionate reduc-  
22 tion if—

23 “(1) the program offers a lesser amount of coverage  
24 than is available under subpart 1 of this part, in which

1 case assistance shall be available only to the extent of  
2 coverage actually afforded;

3 “(2) the program offers a greater amount of cover-  
4 age than is available under subpart 1 of this part, in  
5 which case assistance shall be available only for the  
6 amount of coverage afforded under subpart 1 of this  
7 part;

8 “(3) the cost per unit of insurance is greater than  
9 for the program under subpart 1 of this part, in which  
10 case assistance shall be available only at the rate per  
11 unit of insurance provided under subpart 1 of this part;  
12 or

13 “(4) the amount of assistance would otherwise be  
14 a larger fraction of the total cost of the State or unit  
15 of general local government program than is granted  
16 under subpart 1 of this part, in which case assistance  
17 shall not exceed the fraction of total cost available under  
18 subpart 1 of this part.

19 “(d) Assistance under this subpart shall be used to  
20 reduce proportionately the contributions paid by the State or  
21 unit of general local government and by the appropriate pub-  
22 lic safety officers to the total premium under such program:  
23 *Provided, however,* That the State or unit of general local  
24 government and the insured public safety officers may by  
25 agreement change the contributions to premium costs paid by

1 each, but not so that such officers must pay a higher frac-  
2 tion of the total premium than before the granting of assist-  
3 ance.

4 "Subpart 3—General Provisions

5 "UTILIZATION OF OTHER AGENCIES

6 "SEC. 813. In administering the provisions of this part,  
7 the Administration is authorized to utilize the services and  
8 facilities of any agency of the Federal Government or a State  
9 or unit of general local government or a company from which  
10 insurance is purchased under this part, in accordance with  
11 appropriate agreements, and to pay for such services either  
12 in advance or by way of reimbursement, as may be agreed  
13 upon.

14 "ADVISORY COUNCIL ON PUBLIC SAFETY OFFICERS'

15 GROUP LIFE INSURANCE

16 "SEC. 814. There is hereby created an Advisory Council  
17 on Public Safety Officers' Group Life Insurance consisting  
18 of the Attorney General as Chairman, the Secretary of the  
19 Treasury, the Secretary of Health, Education, and Wel-  
20 fare, and the Director of the Office of Management and  
21 Budget, each of whom shall serve without additional com-  
22 pensation. The Council shall meet not less than once a year,  
23 at the call of the Chairman, and shall review the administra-  
24 tion of this part and advise the Administration on matters  
25 of policy relating to its activity thereunder. In addition, the

1 Administration may solicit advice and recommendations from  
2 any State or unit of general local government participating  
3 in a public safety officers' group life insurance program  
4 under this part, from any insurance company underwriting  
5 programs under this part, and from public safety officers  
6 participating in group life insurance programs under this  
7 part.

8 "PREMIUM PAYMENTS ON BEHALF OF PUBLIC SAFETY  
9 OFFICERS

10 "SEC. 815. Nothing in this part shall be construed to  
11 preclude any State or unit of general local government from  
12 making contributions on behalf of public safety officers to  
13 the premiums required to be paid by them for any group  
14 life insurance program receiving assistance under this part.

15 "WAIVER OF SOVEREIGN IMMUNITY

16 "SEC. 816. The Administration may sue or be sued on  
17 any cause of action arising under this part.

18 "PUBLIC SAFETY OFFICERS' GROUP INSURANCE  
19 REVOLVING FUND

20 "SEC. 817. There is hereby created on the books of  
21 the Treasury of the United States a fund known as the  
22 Public Safety Officers' Group Life Insurance Revolving Fund  
23 which may be utilized only for the purposes of subpart 1  
24 of this part."

## MISCELLANEOUS

1

2       SEC. 4. Subsection (c) of section 520 of the Omnibus  
3 Crime Control and Safe Streets Act of 1968, as amended, is  
4 amended by striking the words "part J" at the end thereof  
5 and substituting in lieu thereof the words "parts J and K".

6       SEC. 5. The authority to make payments under part K  
7 of the Omnibus Crime Control and Safe Streets Act of 1968  
8 (as added by section 3 of this Act) shall be effective only to  
9 the extent provided for in advance by appropriation Acts.

10       SEC. 6. If the provisions of any part of this Act are  
11 found invalid, the provisions of the other parts and their  
12 application to other persons or circumstances shall not be  
13 affected thereby.

14       SEC. 7. This Act shall become effective on October 1,  
15 1978, or the date of enactment, whichever is later.

Passed the Senate September 16 (legislative day, Sep-  
tember 15), 1977.

Attest:

J. S. KIMMITT,

*Secretary.*

The subcommittee first considered this legislation in the 92d Congress, together with other proposals to provide Federal benefits to public safety officers killed or injured in the line of duty.

Our attempts to provide some level of assistance to this particular group of dedicated public servants led to the enactment of Public Law 94-430, which provides a \$50,000 benefit to the families of those public safety officers who are killed in the line of duty. Now that the death benefits program is in operation, we intend to examine this life insurance proposal on its own merits and to give it thorough and careful consideration.

Our first witness this morning will be the very distinguished Senator from Massachusetts, the Honorable Edward M. Kennedy.

Senator, we would like to welcome you once again to the subcommittee, and I want to commend you for your diligent efforts to secure the enactment of this legislation. Over the years you have been an ardent supporter of all legislation benefiting the policemen and firemen of this Nation. Your advocacy of this particular proposal is another indication of your dedicated efforts in behalf of public safety officers.

Senator, we are pleased to have you with us this morning; and please proceed in any manner that you so desire.

**TESTIMONY OF HON. EDWARD M. KENNEDY, U.S. SENATOR FROM  
THE STATE OF MASSACHUSETTS**

Senator KENNEDY. Thank you very much, Mr. Chairman and members of the committee.

I want to express my own appreciation and the appreciation of the members of the Senate, for your commencing these hearings and giving this legislation the serious attention it very much deserves; and I appreciate as well your accommodating our scheduling problems here this morning.

I would like to include all of my statement in the record, if it is permissible.

Mr. EILBERG. Without objection, it will be made part of the record.  
[The information follows:]

**TESTIMONY OF SENATOR EDWARD M. KENNEDY BEFORE THE HOUSE SUBCOMMITTEE  
ON IMMIGRATION AND NATURALIZATION ON H.R. 6845**

I appreciate this opportunity to testify in support of H.R. 6845, a bill to establish a voluntary, nationwide, federally subsidized group life insurance program for state and local public safety officers—including police, firefighters and criminal court and corrections officials. Identical legislation has passed the Senate on five separate occasions during the past decade, most recently as S. 262 just a few months ago. So I am particularly pleased and gratified that these hearings will provide the House with the opportunity to consider this important legislation.

I also want to thank you for all the work you have done in the related area of death benefits legislation. I wholeheartedly supported that legislation and applauded its enactment into law.

I believe the next step is to enact H.R. 6845 in order to provide the broadest possible financial protection to public safety officers and their families—protection that will cover serious injury as well as death, off-duty occurrences as well as on-duty accidents. This legislation is designed to implement one of the key recommendations of the National Commission on Law Enforcement made in 1967: to improve the lot of our public safety officers by addressing the crisis they often face in securing life and disability insurance at reasonable rates. In

cosponsoring this bill in the Senate, the late Senator Allen touched on this point, stating that "the availability of this insurance might be the difference between many qualified men and women going into the public safety field or not doing so. I think this inducement should be held out to them."

The difficulties officers face in getting insurance because of the hazards of their jobs plague them twenty-four hours a day, and only a full coverage life insurance program will remedy this problem. H.R. 6845 provides twenty-four hour coverage to all participants on an attractive low-cost basis because of the national group approach and the federal subsidy. Yet by requiring a contribution of at least two-thirds from the officer or his employer, it keeps the cost to the federal taxpayer at a reasonable level. Moreover, the insurance approach honors the principle of independence for state and local officers. It is purely a voluntary program; and it does not place any officer or officer's family on the receiving end of a direct financial pipeline from Washington.

The program is patterned closely after the highly successful Federal Employees' and Servicemen's Group Life Insurance plans, which are available to all federal civilian employees and members of our armed forces. The Attorney General would purchase a national group policy from eligible national life insurance carriers, so that the underlying coverage would be provided—by the private sector. Any unit of state or local government performing public safety functions as defined in the bill could apply to participate in the program. Coverage would be at a level of the officer's annual salary plus \$2,000, starting from a floor of \$10,000 coverage and going up to a maximum of \$32,000. Accidental death and dismemberment coverage would be included with the usual double indemnity feature. There is a built-in conversion feature, allowing the officer to convert his group plan to ordinary life insurance upon retirement or severance from the government. Where existing state and local group life insurance plans provide coverage for public safety officers, the covered officers would be entitled to elect to continue the existing plan and receive a federal subsidy for the payment of the premiums. There is no federal mandate; and any individual officer has the option of not participating in the federal program. There is no attempt to establish a governmental insurance agency.

This program would demonstrate the Nation's determination to support our public safety officers in deed as well as word, while offering a type of assistance that is vitally needed. In their effort to protect us, public safety officers run the risk of accident, injury and death. Because of such hazards, many officers find regular life insurance harder to come by, more expensive, or restricted as to benefits.

The picture that emerges concerning the availability and nature of insurance is a very mixed one, with some officers enjoying adequate benefits at reasonable cost while many others have little or no coverage, higher costs or less favorable conditions.

In 1972, the Senate Subcommittee on Criminal Laws and Procedures conducted a detailed set of hearings which pointed out the haphazard nature of life insurance coverage for public safety officers. The situation has not changed since. In Wilton, Connecticut and Waterloo, Iowa, for example, the city itself provides officers with a ten thousand dollar life insurance policy, which also includes dismemberment insurance. Jacksonville, Florida offers the same type of life insurance policy but excludes any dismemberment coverage; in my own city of Boston, life insurance coverage is limited to just two thousand dollars. Indianapolis and Detroit pay a portion of the premium, while Los Angeles, San Francisco, Chicago, Cleveland and countless other cities make no premium payments whatsoever, forcing public safety officers to fend for themselves. In San Francisco, Albany and Seattle life insurance for public safety officers may cost as much as fifty percent more than for other government employees, while in Las Vegas and Baton Rouge the rates are the same. In Madison, Wisconsin and Grand Rapids, Michigan certain firefighters are excluded from any insurance coverage whatsoever.

The remarks of the Chief Actuary of the Life Insurance Association of America are just as relevant today as they were in 1972 when he testified "extra premiums have been required of public safety officers for group accidental health and dismemberment coverage. The reason for this is the extra hazard represented by these groups as there is the additional risk of accidental death."

Yet, if public safety officers try—despite these obstacles—to buy needed insurance they are held back by the disgracefully low salaries we so often pay them. In some areas of our Nation, a patrolman's starting salary is well under ten

thousand dollars! In a survey of some three hundred New York City policemen, ninety-five percent concluded that their salaries were too low for them to afford adequate life insurance! The fact is, that the modest salaries of public safety officers often make insurance rates prohibitive. No one is denying that if a public safety officer wants to secure a life insurance policy from Lloyds of London such a policy can be acquired. But at what price and what is the nature of the benefits? Can a double indemnity clause be included? So because of job hazards, low salaries, and employer inaction—all factors related to their public service jobs—many officers and their families are inadequately protected against death or disability on or off the job. If we wish to respond adequately to the problems created by the risks of public safety officers' work, we must enact legislation which will help officers whether they are killed or injured on the job or not. This is precisely what H.R. 6845 would accomplish, and I am confident that it is one reason why the bill has the support of the leading national organizations, including the International Association of Chiefs of Police, the International Association of Firefighters and the National Association of Government Employees.

A primary duty of government is to improve the quality of life of its citizens and promote the public safety. This is the function and responsibility of our public safety officers. We also have a responsibility to those who put their lives on the line for our protection. Public safety officers are now eligible under the death benefits program, but they have to die on duty in order to participate. There are many illustrations, that I am sure everyone here is familiar with, of firefighters and public safety officials who have been dismembered or suffered grievous injury for which they were unable to obtain adequate recovery. It is to meet this important need that H.R. 6845 was drafted. It is, I believe, a meritorious program and a good investment by the people or our Nation in making public safety work a more attractive profession.

Senator KENNEDY. I will review the essential elements of the legislation and indicate why I feel so strongly about it. As the chairman knows, what we are attempting to do is provide group life and accidental death and dismemberment insurance to public safety officers at low cost, to be assumed by commercial insurance companies, with a contribution to premiums by the Federal Government. The program would be administered through the Law Enforcement Assistance Administration.

It would include police and firemen, criminal court officers and correction officials. It excludes those covered by other Federal insurance programs. Its scope has been somewhat expanded since the first hearings that we had some 7 years ago.

You are aware that the coverage is the officers' salary plus \$2,000, with a minimum coverage of \$10,000, a maximum of \$32,000.

I am sure you will hear from our friends from John Hancock or from any other insurance company that this life insurance is really very modest. But it is an important and significant increase in terms of what it would provide the public safety officers of this country. Measured against general kinds of insurance, however, it is still woefully low.

Coverage would continue during the course of employment and terminate 2 months after the separation or discontinuance of pay. The premiums, as I mentioned, would be paid by the Federal Government, up to one-third, with a two-thirds contribution from the locality or individual, depending on local options. If the State already has some program that is working in this area, the bill provides for a supplement and a continuation of that program.

It has great flexibility in permitting those who do not want to subscribe to the program initially to join later.

It is a completely voluntary program, with payout provisions over 36 months.

The Federal cost projected is \$26 to \$28 million for 1979, \$30 million for 1980. Included in these figures are the administrative costs.

Mr. Chairman, as you are aware, a program similar to this was initially recommended by President Johnson's Crime Commission. There were a number of recommendations that were made in that report, including the establishment of the Law Enforcement Assistance Act; this recommendation goes back to that particular report.

As a matter of fact, it was only after we passed this legislation on two different occasions that a previous administration recommended the death benefits legislation, which I strongly supported. But we still find that there is an important gap in existing coverage.

This program, I believe, would demonstrate the Nation's determination to support our public safety officers in deed as well as word, while offering a type of assistance that is vitally needed. In their effort to protect us, public safety officers run the risk of accident, injury, and death. Because of such hazards, many officers find regular life insurance harder to come by, more expensive or restricted as to benefits.

We are aware that people might ask, "Well, if we start out now with law enforcement officials, won't we be doing it for all other types of professionals?"

I think we have recognized in the Congress the rather special importance of supporting local officials in meeting the problems of public safety. We do in the law enforcement assistance legislation, and the death benefits legislation. And, I might point out, these bills are based on absolute Federal control. The Justice Department makes the judgment as to whether there is eligibility and then sends the check.

We are working much more through local groups, local options and local decisions.

Mr. Chairman, the picture that emerges concerning the availability and nature of insurance is a very mixed one, with some officers enjoying adequate benefits at reasonable cost, while many others have little or no coverage, higher costs or less favorable conditions.

In 1972, our Senate Subcommittee on Criminal Laws and Procedures conducted a detailed set of hearings which pointed out the haphazard nature of life insurance coverage for public safety officers. In my own city of Boston, for example, life insurance coverage is limited.

Indianapolis and Detroit pay a portion of the premium, while Los Angeles, San Francisco, Chicago, Cleveland, and countless other cities make no premium payments whatsoever, forcing public safety officers to fend for themselves. In San Francisco, Albany, and Seattle, life insurance for public safety officers may cost more than for other Government employees, while in Las Vegas and Baton Rouge the rates may be the same.

So the remarks of the chief actuary of the Life Insurance Association of America are just as relevant today as they were then. He said:

Extra premiums have been required of public safety officers for group accidental health and dismemberment coverage. The reason for this is the extra hazard represented by these groups, as there is the additional risk of accidental death.

I think that is really the bottom line in terms of this bill importance. Because they are assuming this additional kind of hazard, because they are involved in the protection of the public, they are required to pay additional premiums. They are entitled to this bill as a way of upgrad-

ing and providing a sense of importance and incentive for public safety officers. That is the real justification for this legislation.

I think we have an opportunity, as well as a responsibility, to provide some additional incentive to our public safety officers.

If public safety officers try, despite these obstacles, to buy needed insurance, they are held back by the disgracefully low salaries we so often pay them. In some areas of our Nation a patrolman's starting salary is well under \$10,000. In a survey of some 300 New York City policemen, 95 percent concluded that their salaries were too low for them to afford adequate life insurance. The fact is that the modest salaries of public safety officers often make insurance rates prohibitive.

No one is denying that if a public safety officer wants to secure a life insurance policy from Lloyds of London, such a policy can be acquired; but at what price and what is the nature of the benefits? Can a double indemnity clause be included? So, because of job hazards, low salaries and employer inaction—all factors related to their public service jobs—many officers and their families are inadequately protected against death or disability on or off the job.

If we wish to respond adequately to the problems created by the risks of public safety officers' work, we must enact legislation which will help officers; whether they are killed or injured on the job or not.

This is precisely what H.R. 6845 would accomplish and I am confident that it is one reason why the bill has the support of the leading national organizations—you will hear from them this morning—including the International Association of Chiefs of Police, the International Association of Firefighters and the National Association of Government Employees.

Finally, Mr. Chairman, a primary duty of government is to improve the quality of life of its citizens and promote the public safety. This is the function and responsibility of our public safety officers.

We also have a responsibility to those who put their lives on the line for our protection. Public safety officers are now eligible under the death benefits program, but they have to die on duty in order to participate.

There are many illustrations that I am sure everyone here is familiar with, or firefighters and public safety officials who have been dismembered or suffered grievous injury for which they were unable to obtain adequate recovery.

It is to meet this important need that H.R. 6845 was drafted. It is, I believe, a meritorious program and a good investment by the people of our Nation in making public safety work a more attractive profession.

Mr. EILBERG. Thank you very much, Senator.

Mr. Fish?

Mr. FISH. I ask unanimous consent that the subcommittee permit broadcast coverage or still photography in accordance with the committee rules.

Mr. EILBERG. Without objection, it is so ordered.

Mr. FISH. As I have to leave, I just want to also thank the Senator for his statement.

Senator KENNEDY. Thank you very much.

Mr. EILBERG. I know the Senator has to leave within a couple of minutes, to go back to an important issue on the Senate side, so just a question at this time, Senator.

What is your best argument why the provision of life insurance for State and local public safety officers should be a Federal responsibility?

Senator KENNEDY. As I mentioned earlier, Mr. Chairman, we recognize that law enforcement is basically and fundamentally a local responsibility, described that way in the Constitution, understood that way in the history of this Nation. But under special circumstances we have recognized that there is a limited role for Federal support, and this has been recognized in the area of the Law Enforcement Assistance Act and the death benefits bill.

This is a targeted approach toward meeting one of the most serious concerns of public officials, and that is providing for their loved ones, their wives, their children, and their families in carrying forward public safety. We have tried in the past, through LEAA and the benefits bill, to find ways in which we could, in very limited areas, meet some of the special needs of public safety officers. This, I think, is an important addition.

We have recognized the function and the importance of insurance for the Armed Forces; this seems to meet that particular requirement as well.

Mr. EILBERG. Thank you, Senator.

Mr. Hall?

Mr. HALL. Senator, I have one question—and I certainly appreciate your coming today and giving us the benefit of this testimony.

Would H.R. 6845 be applicable to the death of a policeman or fireman in a situation such as we have in Memphis, Tenn., today? Is it necessary for a person to be killed in line of duty?

Senator KENNEDY. The answer to that would be no. It is not necessary to be killed in the line of duty. It could be an off-duty situation. It is total coverage, as every other insurance program would be total coverage, trying to provide a degree of security to families, to give the profession the kind of prestige that it rightfully deserves.

Mr. HALL. Would it be your opinion that they would be covered if they were killed or injured while they were on strike?

Senator KENNEDY. Yes; I would not think that the issue of a particular grievance would or should cut out the coverage.

Mr. HALL. Thank you.

Mr. EILBERG. Senator, would you say that the primary justification for the bill is to make it easier for all public safety officers to participate in a standard group life insurance policy at reasonable rates?

Senator KENNEDY. Yes; I would.

Mr. EILBERG. Thank you, Senator.

Senator, we are very grateful for your appearance here this morning. Thank you for your courtesy.

Senator KENNEDY. Thank you very much.

Mr. EILBERG. Our next witness is Mr. Charles Lauer, Deputy General Counsel, Law Enforcement Assistance Administration.

Mr. Lauer, welcome.

#### **TESTIMONY OF CHARLES A. LAUER, DEPUTY GENERAL COUNSEL, LAW ENFORCEMENT ASSISTANCE ADMINISTRATION**

Mr. LAUER. Thank you, Mr. Chairman.

With your permission, Mr. Chairman, I would like to have my full statement printed in the record at this point.

Mr. EILBERG. Without objection, it will be made part of the record at this point.

[The information follows:]

STATEMENT OF CHARLES A. LAUER, DEPUTY GENERAL COUNSEL,  
LAW ENFORCEMENT ASSISTANCE ADMINISTRATION

Mr. Chairman, I appreciate the opportunity to appear before this Subcommittee to discuss H.R. 6845, a bill which would provide group life insurance to state and local public safety officers. This legislation would have the Law Enforcement Assistance Administration administer the program.

It is the LEAA mission to provide leadership and financial and technical assistance to State and local governments and organizations in order to increase their efficiency and effectiveness in controlling and improving the criminal justice system.

Acting on the basis that crime is essentially a local problem that must be dealt with by State and local governments if it is to be controlled effectively, the Congress provided that the bulk of LEAA funds be distributed to the States in block grants on the basis of population. Funds are allocated to a state contingent upon an annual comprehensive criminal justice state plan, which must be approved by LEAA before funds are disbursed. The funds subsequently are distributed to the various units of State and local government through the state planning agencies which administer the LEAA program in the individual states.

LEAA neither approves nor disapproves subgrant applications under the jurisdiction of the state planning agencies, and each state makes those decisions on the basis of its own evaluation of needs and priorities.

LEAA is also authorized to award a small portion of its appropriation in the form of direct grants to the State, cities, counties, other units of government and non-profit organizations. These discretionary grants support innovative and experimental projects and programs of national scope. These grants have funded innovative police, courts and corrections improvement programs, as well as more specialized projects dealing with organized crime, narcotics control and juvenile justice.

The Department of Justice believes that public safety officers and their families should be afforded adequate economic protection against death or disability. However, available data suggests that a significant level of life insurance is available to public safety officers from the same sources that provide insurance to other citizens; that private insurance companies are willing to supply insurance to law enforcement personnel; that most officers are, in fact covered; and that many officers now benefit from life insurance programs in which a portion of the premiums are paid by the employer.

It is important to note, Mr. Chairman, that about two years ago the Public Safety Officers' Benefits Act of 1976 was enacted. This legislation, Public Law 94-130, authorizes LEAA to pay a benefit of \$50,000 to specified survivors of State and local public safety officers found to have died as the direct and proximate result of a personnel injury sustained in the line of duty. Listed below are Public Safety Officers' Benefits statistical data for Fiscal Years 1977 and 1978 as of August 2, 1978:

	Police officers	Fire-fighters	Courts	Corrections	Other	Total
Deaths reported—awaiting claim.....	64	42	1	7	2	116
Claims filed in process.....	53	40	0	4	4	101
Claims closed eligible.....	194	89	0	9	2	294
Claims closed ineligible.....	53	92	0	3	9	157
Total.....	364	263	1	23	17	66

Since the Public Safety Officers' Benefits Act protects State and local public safety officers who have died in the line of duty, H.R. 6845 would merely insure these officers against the hazards suffered by ordinary citizens. It is the position of the Department of Justice that to insure a public safety officer for events which occur outside the line of duty would be beyond the scope of responsibility of the Federal Government.

The Public Safety Officers' Benefits Program provides an adequate level of Federal assistance toward ensuring the financial protection of dependent survivors of these officers in addressing the high risk dimensions of their public service. It should be noted that the benefit under the PSOB Program is in addition to other death benefits available to state and local public safety officers (except payments authorized by Section 8191 of Title 5, United States Code or payments authorized by the District of Columbia Code, Section 4-531(1).) Enactment of H.R. 6845 would therefore substantially expand the Federal Government's involvement beyond the scope of the PSOB Program coverage to subsidize the general purpose insurance needs of this particular group of state and local public servants. We do not believe that the general insurance brokerage role envisioned for LEAA by this legislation is consistent with the responsibilities of the employer, the State and local governments, to provide adequate financial protection to public safety officers and their families.

The "Justice System Improvements Act of 1978" was transmitted by the President to the Congress on July 10, 1978. This legislative proposal to reorganize and reauthorize the LEAA program is designed to provide greater flexibility to State and local governments in dealing with their primary responsibility for law enforcement and criminal justice. The "Justice System Improvements Act of 1978" would also reenact, without change, the Public Safety Officers' Benefits Program.

A further consideration is the proposed administration of the program by LEAA which has no experience or expertise in the management of insurance-related programs.

In addition to the considerations previously noted, Mr. Chairman, the Federal share of the costs of the program envisioned by H.R. 6845 could easily exceed \$20 million per year. Administration and premium collection costs would increase this amount considerably.

Moreover, at a time when the programs and organization of LEAA are being reviewed toward improving law enforcement and civil and criminal justice in the United States, it seems to us unwise to require the Agency to manage a life insurance program which does not constitute a program to improve law enforcement and the administration of justice.

For the reasons indicated, the Department of Justice recommends against enactment of H.R. 6845.

Thank you, Mr. Chairman, for the opportunity to appear and discuss this proposed legislation. I would now be pleased to respond to any questions you might have.

Mr. LAUER. Thank you.

I will summarize the major position of the Department of Justice and the Administration.

Mr. Chairman, I appreciate the opportunity to appear before this subcommittee to discuss H.R. 6845. This legislation would have the Law Enforcement Assistance Administration administer this program.

I would like to point out that the position of the Department of Justice does not reflect a lack of appreciation of the work and the dangers that public safety officers undergo. We are quite familiar with the dangers of their job and we have reviewed many files under the Public Safety Officers' Death Benefits Act which attest to the bravery of these people as well as the dangers of their work.

On September 29, 1976, the Public Safety Officers' Benefits Act of 1976 was enacted. This legislation, Public Law 90-430, authorizes LEAA to pay a benefit of \$50,000 to specified survivors of State and local public safety officers found to have died as the direct and proximate result of a personal injury sustained in the line of duty.

Statistical data for the past 22 months, current up to August 6, indicate that LEAA has paid approximately 300 eligible beneficiaries of public safety officers who have died in the line of duty.

Over this period, we would estimate that approximately 400 beneficiaries would be paid. This is based upon the claims that are still pending at this time, in addition to the claims that have been paid.

Since the Public Safety Officers' Benefits Act protects State and local public safety officers who have died in the line of duty, it is our view that H.R. 6845 would insure these officers against hazards that are suffered by ordinary citizens.

It is the position of the Department of Justice that to insure a public safety officer for events which occur outside the line of duty would be beyond the scope of the responsibility of the Federal Government. Essentially, that is our position.

We feel that the public safety officers' benefits program provides an adequate level of Federal assistance toward insuring the financial protection of dependent survivors of these officers in addressing the high risk dimensions of their public service.

It also should be noted that benefits received under the Public Safety Officers' Benefits Act are in addition to any other State or local benefits as well as other insurance.

Enactment of H.R. 6845 would, therefore, substantially expand the Federal Government's involvement beyond the scope of the PSOB program to subsidize the general insurance needs of public safety officers. We do not believe that the insurance brokerage role envisioned for LEAA by this legislation is consistent with the responsibilities of the employers, State, and local governments, to provide the financial protection to public safety officers and their families.

We did submit the Justice System Improvement Act of 1978 to Congress on July 10, 1978. This legislative proposal is designed to reorganize and reauthorize the LEAA program, and it includes, without change, the public safety officers' benefits program.

Thank you, Mr. Chairman, for the opportunity to appear and make our position known.

I would be pleased to respond to any questions you or members of the committee may have.

Mr. EILBERG. Mr. Lauer, we have a long list of witnesses this morning and I think that we will not ask you questions at this point, but will give you a list of questions that we would like you to answer in writing, if you would.

Mr. LAUER. Very good, Mr. Chairman.

Mr. EILBERG. Thank you.

[The information follows:]

THE SUBCOMMITTEE QUESTIONS TOGETHER WITH MR. LOUER'S  
ANSWERS FOLLOW

QUESTIONS

1. Do you believe that most Public Safety Officers are now covered by adequate life insurance?

2. When Congress created the LEAA, it demonstrated a Federal commitment to the improvement of local law enforcement. The provision of adequate employee benefits is a factor in making law enforcement a more attractive occupation. Why then does LEAA feel that the Federal Government should not have a role in assisting localities to provide life insurance?

3. Wouldn't the adoption of this legislation enable more public safety officers to be covered by life insurance than at present?

4. The Justice Department, in its report on this legislation has stated that such a program could erode local control of police. Could you explain more specifically why and how the Department believes that this could happen?

5. Does LEAA support any expansion of the present death benefits law regarding eligible employees or cause of death?

6. Mr. Lauer, if the Justice Department believes that no need exists for this legislation, does this view conflict with the Department's earlier support for the death benefits program?

7. Can LEAA provide the committee with the number of public safety officers who are now covered by group life insurance plans, together with a description of these plans. Could you also provide an analysis of the cost of life insurance for public safety officers throughout the Nation?

8. Based on LEAA's administration of the Death Benefits Act, how do you believe the administrative cost of a life insurance program such as this could most efficiently be administered? How would you divide the administrative functions between the Federal Government, the employer, and the life insurance companies?

9. Would LEAA provide the committee with a cost analysis of this proposal including a total annual cost estimate broken down into administrative and nonadministrative costs?

#### ANSWERS

1. Public safety officers have available to them a significant level of life insurance from the same sources that provide insurance to other citizens. The Public Safety Officers' Benefits Act covers officers for events which occur because of the particularly hazardous nature of their employment. Nothing in their private lives exposes them to greater danger than any other citizen.

2. LEAA feels that the Federal Government should not have a role in assisting localities in providing life insurance to public safety officers because the Public Safety Officers' Benefits Program provides an adequate level of Federal assistance toward ensuring the financial protection of dependent survivors. To insure a public safety officer for events which occur outside the line of duty would be beyond the scope of responsibility of the Federal Government.

3. Perhaps adoption of this legislation would enable more public safety officers to be covered by life insurance than at present. If the Federal Government contributes one-third of the premium, it would seem that more public safety officers would choose to purchase life insurance.

4. The Justice Department, in its report on this legislation indicated that law enforcement has been continually recognized by Congress and the Executive Branch to be primarily a responsibility of state and local governments. Any suggestion to establish a national police force has always been strongly resisted. This policy of limited Federal involvement is stated in several instances in the LEAA enabling legislation. A Federal insurance program as envisioned by H.R. 6845 could be viewed as a step toward direct Federal subsidy of local law enforcement and local law officers in particular, with the resulting erosion of local control and responsibility.

5. LEAA does not support expansion of the Public Safety Officers' Benefits Act. We believe the PSOB program, as now designed, provides a satisfactory level of Federal assistance.

6. The position of the Department of Justice does not conflict with its earlier support of the Public Safety Officers' Benefits Act. In testimony before this Subcommittee approximately three years ago the Legislative Counsel of the Department of Justice indicated that death benefits should be available only to survivors of eligible officers who died as a result of a criminal act. He further stated that broader coverage is not justified by the Federal interest or involvement and that "expansion to cover all job-related deaths would start the Federal Government down a road that is unwarranted and undesirable, in addition to placing upon the Federal Government a further substantial costly Federal benefit program."

7. LEAA does not compile this type of information. LEAA has no experience or expertise in the management of insurance-related programs.

8. Inasmuch as LEAA has no experience or expertise in this type of program, we are unable to comment on the best manner to efficiently administer such a proposal. PSOB benefits are paid out of Federal appropriations.

9. LEAA does not have the data available at present, but will try to provide a meaningful projection at a later date.

Mr. EILBERG. Thank you very much, Mr. Lauer.

Our next witness is Mr. Pat Stark, president of the Fraternal Order of Police.

Mr. Stark?

While Mr. Stark is coming to the microphone, I want to extend greetings to him from Charlie Gallagher of Philadelphia, my home city.

**TESTIMONY OF ROBERT H. (PAT) STARK, NATIONAL PRESIDENT,  
FRATERNAL ORDER OF POLICE**

Mr. STARK. Thank you, Mr. Congressman.

Mr. Chairman and members of the committee, I am pleased to be able to appear before the committee this morning, and I also have given a prepared statement on short notice, and I was notified in Virginia last Friday, so I would not take the time of the committee to read that statement.

I would just maybe have a few brief remarks as to this bill.

Mr. EILBERG. Without objection, the statement will be made part of the record.

[The information follows:]

FRATERNAL ORDER OF POLICE,  
*Flint, Mich., August 14, 1978.*

Re. H.R. 6845.

In behalf of all the members of the Fraternal Order of Police, I would strongly urge your support and passage of H.R. 6845.

It has been common knowledge that for years police officers have been denied the right to purchase insurance at the same premium rate as other citizens of this country. Insurance to cover himself and his family is not a luxury to a police officer, but a necessity.

As far back as 1950, I can personally attest to this fact, for as a young rookie police officer, I experienced this. I was constantly advised by insurance agents that due to the fact I was a police officer I would have to pay higher premiums for insurance than the average person and I was always being told that mine was a high risk job.

We in the Fraternal Order of Police have been trying for years to obtain insurance for our members at a reduced rate, we are always met with the same obstacle, we must insure one-hundred percent (100%) participation of all of our members in the particular insurance plan. This is virtually impossible, due to the fact that our members have always been fighting mad at being penalized by insurance companies due to the nature of their jobs as policemen.

Today's police officers face many more problems than their predecessors. Police in the 1940's & 1950's did not have the campus riots and the open warfare with radicals as do today's officers.

Police officers today are also busier fighting administrations for new benefits and salary increases than they are fighting crime in the streets. Everytime you pick up a paper or turn on a television, you see the police of some major city on strike. This is not good for anyone concerned, however, it points out the fact that today's police officers are tired of working for wages and benefits which are lower than private industry.

One of the key benefits which always comes to light is insurance. This is a very important issue. Those police officers involved in these strikes and slow-downs are in reality crying out for help. They are asking someone to realize that they are tired of being treated as second class citizens while at the same time they are expected to protect and guarantee the safety of all the citizens in their community.

They are especially tired of being penalized in various ways because they accepted the position of being a Law Enforcement Officer.

If any group in this country really needs all the insurance they can obtain, at the best possible rates, it is today's police officers. In today's apathetic society, with the existance of total lack of respect for law and order, there are more police officers injured and murdered than ever before, is it any wonder that police morale is at it's lowest point than ever before?

Many good men are leaving the ranks of police departments across the nation because they are tired of facing the everyday dangers of their jobs and having to fight to get better pay and benefits. They are especially tired of having to pay

higher insurance rates to obtain protection for themselves while protecting those citizens who enjoy the lower insurance rates that they are entitled to because they are not police officers.

I respectfully urge this committee to give all possible consideration in voting favorably for H.R. 6845, then assist in passing it on the floor of Congress. In doing so, you will be sending a message to all Law Enforcement Officers, across the country, that you are interested in their welfare and that you are giving them one of the benefits that has been denied them for too long, and that you do not consider them as being second class citizens.

I know that this action will re-establish the police officers' faith in our system of government and will greatly lift their morale.

Respectfully,

R. PAT STARK,

*National President, Fraternal Order of Police.*

Mr. STARK. Thank you, sir.

I can speak more or less from experience as a police officer on this because I experienced this in the year 1950 when I became a rookie police officer, and for years I had to moonlight at two and three jobs to supplement my income, raising a family, and what irritated me and most officers at that time was that we were denied the right to purchase insurance at the same premium as other citizens of this country.

It has more or less been sticking in our craws all these years that we are more or less being treated as second-class citizens by insurance companies when they say that we must pay a higher premium because the risk of our jobs.

It is very prevalent today that this is shooting out all over the country, and as the gentleman spoke about Memphis, Tenn., in all of our arbitrations and negotiations on contracts, insurance seems to be one of the top subjects in those contracts. In Indianapolis we were fortunate in our last one, that we did get the city to pay 60 percent, which we had fought for 4 years. Many cities don't have this.

Speaking of the previous bill, the \$50,000 survivorship bill, we were very happy to see that bill pass and were very glad to see that it has covered many police officers and their families; however, in today's police work, one of the major causes of death of public safety officers is stress, and that certainly is not covered in that bill, and this is why we try to get insurance rates for our people.

This is what we really want, to be treated like other people and not have to pay these higher premiums.

We wholeheartedly endorse this bill. We certainly hope that this committee sees fit to pass this bill and we certainly hope to see the House pass this bill into law.

In Memphis, Tenn., that is not Fraternal Order of Police; that is another organization; however, I have spoken to several of those officers and insurance is one of the top subjects of their contract.

I spent 5 days in the middle of June in Nashville, Tenn., to keep them from walking out on strike, and that was one of the top subjects in the negotiating contract. It is causing us a lot of problems in negotiating across the country, and this is causing a lot of your police strikes across the country because, as Mr. Kennedy stated, we do not have the right in many States for arbitration and collective bargaining, and when the administration slams the door in your face, it makes police officers mad today, and that is the cause of strikes.

But insurance is one of the key issues in many negotiations.

I think the passage of this bill, showing the law enforcement officers of this country and firefighters of this country that the Government does have an interest in them, and is worried about them, would help to restore the morale of the police officers and firefighters in this country; and they really think out there today on the streets that nobody really cares about them.

I could try to quote figures to you, but I will try to talk in generalities of what the man on the street feels, and this is the way they feel. This has always been a controversial subject. I know it made me very mad to have to pay higher premiums all the time, because I was a police officer and every day that I was out on the street I had to protect the rights of everybody else that got the rights at a regular rate.

There are some insurance companies that we have approached in our organization, to get total coverage for our membership, but they, too, have a clause that stops us. To get that rate from that insurance company we have to insure that we will have total participation of our membership, and this is very hard to do. So we have been stymied for years in this area of insurance.

I think this bill will give that officer coverage while he is working, in case he is killed in an accident while responding to a run or if he has stress on the job.

You know, today we have a lot of problems we didn't have years back, and they are federally regulated problems, so I think we are going to have to help the police officers out there. It is unfortunate that the Federal Government has to take these steps to help us because local and State authorities will not do so.

We run into a brick wall every time we go in to talk to a local administration or a State administration and the general assembly, about insurance.

So I would certainly hope that you give this bill all possible consideration and our membership across the country really supports this bill. We hope it passes.

I hope that I haven't taken too much of the time of the committee.

Mr. EILBERG. Mr. Stark, we are happy to hear from you. We have just one or two questions:

I have received letters from police departments, including New York City, Alameda County, Miami, Cincinnati, which all state that police do not experience any greater difficulty than anyone else getting life insurance. There seems to be either some disagreement or unawareness on this issue and I wonder how you would respond to that?

Mr. STARK. Well, I don't know where they are coming from when they make that statement, because I have talked to police officers in those same States in my travels, and they all say that they have a problem in contract negotiations with getting insurance benefits paid for by their administrative heads of government, and that they are denied many times adequate insurance coverage because of having to pay higher premiums. They can get the insurance, but they have to pay a higher premium than anybody else; that is the point.

Mr. EILBERG. We are told by some people that 68 percent of the public safety officers today are covered by group life insurance under one plan or another. I wonder if you could comment on that?

Mr. STARK. They naturally should have. I would think a bigger percentage would have because they must have that insurance. I had it for all these years but, like I said, since 1950 I have been penalized because of my profession as a police officer and had to pay more money.

Sure, they have it; they had better have it. It would be kind of stupid not to have it.

Mr. EILBERG. The dissenting views in the Senate report on S. 262 state that 68 percent of police officers are already benefiting from group life insurance programs in which at least a portion of the premiums are paid by the employer, and that similar figures pertain to other public safety officers.

Before you answer the 68 percent part of the question, what about the fact that there are programs in which municipalities or other entities are participating so far as premiums are concerned?

Mr. STARK. I really couldn't answer that intelligently Mr. Chairman, until I would conduct a survey of those departments and really find out what the county or city does pay, and what the officer pays. Without those figures—I wouldn't want to give you a wrong answer, sir.

Mr. EILBERG. Mr. Stark, we are very interested in the bill, but it is likely that Congress will not be able to complete action in this Congress, and since we do have some time, I am wondering if you have the facility or the facilities to conduct such surveys among you?

Mr. STARK. Yes, sir. We will conduct it through our membership.

Mr. EILBERG. We would appreciate your doing that.

Mr. STARK. You want the type of program they are participating in, and what their percentage of payment into that program is, and what the administration's percentage is; is that correct?

Mr. EILBERG. We would like a description of the kinds of insurance provided, the benefits, and what the policeman and employer pay. We are particularly interested in life insurance, accidental death, and dismemberment insurance, which are the subject of this bill.

Thank you very much, Mr. Stark.

Mr. STARK. Thank you.

Mr. EILBERG. The next witness is Mr. Kenneth Lyons, president of the International Brotherhood of Police Officers. It is a real pleasure, Mr. Lyons, to have you back once again. We were together on the public safety officers benefits bill, together with other gentlemen in the audience, but you were certainly a prime supporter of that legislation. Let's hope we get the same result here.

**TESTIMONY OF KENNETH LYONS, PRESIDENT, INTERNATIONAL BROTHERHOOD OF POLICE OFFICERS; ACCOMPANIED BY LARRY SIMONS, NATIONAL VICE PRESIDENT; ALLEN WHITNEY, EXECUTIVE VICE PRESIDENT; AND ANNE SULLIVAN, LEGISLATIVE OFFICER**

Mr. LYONS. Thank you very much. Without your help, I know it wouldn't have been successful. Thank you very much, Congressman.

Mr. EILBERG. Would you identify the folks with you, please?

Mr. LYONS. Yes. To my right is Larry Simons, national vice president of the International Brotherhood of Police Officers; Mr. Allen Whitney, executive vice president, the International Brotherhood of Police Officers; and Anne Sullivan, who is our legislative director for the International Brotherhood of Police Officers.

Mr. EILBERG. Thank you.

Mr. LYONS. I will be very brief, Mr. Chairman.

The International Brotherhood of Police Officers appreciates being granted this opportunity to testify in support of H.R. 6845, a bill to provide a nationwide program of life and accidental death and dismemberment insurance to public safety officers.

We also would like to express our gratitude to Senator Edward M. Kennedy for his introduction and sponsorship of this measure in the Senate, and to the chairman of this subcommittee for sponsoring and supporting it in the House.

As you know, this bill was first proposed in 1972 and has been approved three times by the Senate. We are hopeful, despite the brief legislative period remaining in the current session of the Congress, that 1978 will finally see its enactment.

The need for a program to bring life insurance costs within the reach of law enforcement personnel is well-established and broadly acknowledged. The principal question is one of responsibility: Why should the Federal Government involve itself in providing insurance for public safety officers employed by State and local governments?

In point of fact, the Federal Government is the only logical entity to establish standards for, and administer a nationwide program which is aimed at dealing with, a problem that cuts across local jurisdictional boundaries.

The problem, which is tied directly and closely to the hazards of the occupation involved, is that police officers find it difficult, if not prohibitive, to obtain insurance; and when they do obtain insurance the premiums are higher than they are for other citizens of similar age employed in less hazardous and less arduous occupations.

This is because insurance companies consider law enforcement personnel as a group to be higher risks than those employed in less hazardous occupations.

The prohibitively high cost of life insurance for public safety personnel causes many police officers and firefighters to go without life insurance entirely. When an uninsured police officer or firefighter dies, his family is often left penniless.

Congress has already acted to alleviate this tragedy in its most glaring form. The Public Safety Officers' Benefits Act of 1976 provides for the payment of a \$50,000 benefit to the survivors of police officers, firefighters and certain other officers who die as a result of personal injury sustained in the line of duty.

There still remains a serious gap. Many uninsured public safety officials die each year from causes other than line-of-duty personal injuries. They die from diseases associated with the stress of their employment, such as stroke, heart attack and bleeding ulcers. Others die from causes that are not connected in any way with their profession.

All too often the families of these public safety officials are condemned to poverty. H.R. 6845, if enacted, would provide protection for the survivors of public safety officials who die from causes that cannot be considered line of duty.

Current information provided the IBPO by officials of the Metropolitan Life Insurance Co.—one of the industry's largest—dramatically underscores the disparate treatment experienced by police officers in the life insurance market.

In purchasing standard life insurance, most of us are eligible for what are described as preferred rates. Police officers, on the other hand, are ineligible for these rates by virtue of their occupation and may purchase insurance based on standard rates. For a 35-year-old male, the load factor built in to standard rates, compared to preferred rates, is 25 percent for a 1-year term policy.

The contrast is even sharper in terms of accidental death or dismemberment insurance. For the general population, such insurance is available at a cost of 6 cents per month per thousand. For a police officer, the rate is nearly double, or 11 cents per month per thousand.

H.R. 6845 would create an insurance program for public safety officials that would, in many respects, parallel the Federal employees group life insurance program, FEGLI.

Mr. EILBERG. May I interrupt for just a moment? I wonder if you would be able to give us the place where you got those figures regarding cost of insurance? We would be very interested in having the source of that information.

Mr. LYONS. Sure.

Mr. LYONS. I contacted the vice president of the Metropolitan Life Insurance Co. yesterday—Mr. Ambrose Redmond—and he got that information for me at 4 o'clock yesterday afternoon; and I also know from our own accident and dismemberment insurance that we have for our own members.

For the National Association of Government Employees, the cost is \$8 a year. The cost for police, same type of insurance, is \$15 a year.

Mr. EILBERG. We will have to take a break for a quorum call.

[Brief recess.]

Mr. EILBERG. The subcommittee will come to order.

Mr. LYONS, would you continue, please.

Mr. LYONS. It should be noted that along with life insurance, H.R. 6845 would also provide dismemberment insurance. This provision fills another gap in the current protection available to many public safety personnel. The current plight of a member of the International Brotherhood of Police Officers who lost his hand in a shooting incident illustrates the importance of dismemberment insurance. This police officer was shot while confronting two men who were robbing a bank. The officer observed the armed men leaving the bank. He drew his pistol and was calling for assistance over his portable two-way radio when one of the robbers fired a shot that hit the officer in the hand that was holding the radio. The bullet was deflected by the radio; otherwise it would have entered the officer's chest. This man is lucky to be alive today. However, he lost the use of his hand. This officer will probably be given a medal. However, he will not be compensated for the loss of his hand. Under the provisions of H.R. 6845, this police officer would receive compensation for his injury.

This bill embodies the very best type of federalism. The per capita cost of group insurance coverage is reduced as the size of the group is increased. By purchasing life insurance for public safety officers on a national basis, the per capita cost of the insurance will be reduced. Further, no State or local unit of government will be compelled to con-

tribute 1 cent to this program. This will create a national program with the benefits of large size, yet it retains local and individual options.

The people of this country ask police officers to risk their lives on a daily basis. We of the IBPO ask the Congress to help provide a minimum level of protection to the families of those who put their lives on the line to protect others.

It is clear that police officers, like everyone else, require adequate insurance. H.R. 6845 would encourage State and local governments to provide this insurance and, by creating a national group, this legislation will allow for substantial savings to State and local governments.

When you and your family need help, you know that the police will respond. Today the police officers of this country are asking for your help. Thank you for your kind consideration and attention.

Mr. EILBERG. Just a few questions, Mr. Lyons. Why do you believe that the Federal Government's financial contribution is advisable in this program?

Mr. LYONS. I believe that whether a police officer works for a town or a city or the State, he is protecting Federal buildings, Federal agencies, and Federal personnel. I fully realize that in many areas of the United States, police officers are not adequately compensated as is pertains to their salary. Thus it is most difficult for them to obtain proper insurance coverage because of the type of work that they perform and the hazards involved.

Therefore, I believe that the Federal Government should get involved in a small way, the same as they did in the \$50,000 benefit program that was passed 2 years ago. I do not think that the cost factor here is that great.

Mr. EILBERG. Can you give us some information on the difficulties which your own association experiences when you are trying to obtain group life insurance now under existing conditions and law?

Mr. LYONS. I know when we are negotiating contracts it is most difficult indeed to get insurance protection for our locals and for our city or State or town police. Generally speaking, the agencies in cities or towns will restrict the fringe benefits to cleaning their uniforms or purchasing of equipment.

But as far as accident and dismemberment insurance programs are concerned, they steer away from that type of a program, although we are gaining a little bit even in that area.

Mr. EILBERG. A few moments ago you made reference to an officer who became dismembered in the line of duty. Would not this officer receive compensation for his injury under the State workmen's compensation laws?

Mr. LYONS. We hope he will, and without a doubt in almost every case of an injury to a police officer, it is necessary for us to have our attorneys file claims in behalf of these police officers who are injured in the line of duty. We have many that do not receive compensation for a period of 1 or 2 years, and they have to actually prove to a great degree that the accident that befell them happened while they were on duty, despite the fact that there are pictures in the paper showing the culprit that caused the shot and so forth.

But we run into this on a continuing basis, the fight to get proper compensation for the police officer who is injured in the line of duty.

Mr. EILBERG. Mr. Lyons, I would like to make a statement here and see how you respond to it. Do you believe that obtaining good life insurance is a high priority item with your members, or could the Federal Government use the money spent on this program more effectively elsewhere? The costs would be in the neighborhood of \$28 million per year. This subcommittee has received little correspondence from police on the issue which we are now considering. We have received more letters from members of rescue squads who would like to be included in the \$50,000 death benefit act.

I wonder how high a priority this is with your members. And if it is not so high perhaps the Federal Government could use the money here in some other way.

Mr. LYONS. Of course the No. 1 priority as far as I am concerned and our members are concerned has to do with adequate salary. Knowing full well that the Federal Government is not going to get involved in that, I think we should drop down to the fringe benefit of the police officer, and I think insurance is of a very high priority for these police officers.

Mr. EILBERG. You get that from your membership?

Mr. LYONS. I certainly am.

Mr. EILBERG. And you are confident that it is a high priority item?

Mr. LYONS. I am very confident that it is.

Mr. EILBERG. What is your best argument why the provision of life insurance for State and local public safety officers should be a Federal responsibility? I am sure you followed the Senate debate and indeed the debates we have had on our public safety officers benefits bill which we passed in the last Congress. Opponents of this type of legislation say this is a local or State responsibility and that the Federal Government should keep hands off. How do you respond to that proposition?

Mr. LYONS. Again I would have to respond to state that the local and State police on a continuing basis are protecting Federal properties, Federal personnel, and are always involved with Federal policies and procedures. Just as the FBI today is continually involved with the actions of our police when they arrest somebody, almost invariably they are being brought into court and being charged with police brutality, regardless of the nature of the beast they are trying to arrest in many cases. So the Federal Government is involved in supervising our police and the Federal Government is constantly on the alert as it pertains to how they protect Federal property.

Thus, I think the Federal Government should be involved to a great extent as it pertains to the welfare of these police officers.

Mr. EILBERG. I would suggest also from my experience working for passage of the Public Safety Officer's Benefits Act, which we enacted in the last Congress, that part of the answer to the question is that in too many cases, the States and local communities just do not do the job. Public safety officers are so important in both non-Federal and Federal protection and the Federal Government's involvement is needed here because the States and municipalities are not doing their job in providing adequate benefits to the public safety officers.

Do you agree with that?

Mr. LYONS. Absolutely. I do agree with it. I think that is why we are having some of the serious problems today with police and firefighters, that the local communities aren't giving due consideration to the police and firefighters in the type of work they are performing and the amount of money they are paying them.

Mr. EILBERG. If we assist public safety officers to acquire group life insurance, should we also assist other groups of employees in this manner?

Mr. LYONS. If you are talking about an employee involved in a hazardous occupation that is in some way connected with the Federal Government, my answer would be "yes." If he is connected with the protection of nuclear projects or something of that nature, I would say "Yes."

Mr. EILBERG. Is group life insurance any more difficult for public safety officers to obtain than for any other group of employees? You have given certain statistics which you have gotten from a life insurance company regarding the cost of individual policies.

Mr. LYONS. That is right, from Metropolitan Life Insurance Co.

Mr. EILBERG. I understand some insurance companies have stated because of younger age and good health, public safety officers are better risks than other employees. How would you respond to that?

Mr. LYONS. I would like to know who these companies are, because then I will change our policies for our police officers and cut our premiums down.

Mr. EILBERG. We will check to see if we have those names.

Mr. Lyons, we are indeed indebted to you for appearing here this morning, you and your associates. You know our devotion and concern with the subject matter here involved. I want to thank you not only for appearing but for your interest over the years in pushing legislation in this direction and helping us do our job.

Mr. LYONS. Thank you very much, Mr. Chairman.

Mr. EILBERG. I thank all of you.

[The prepared statement of Mr. Lyons follows:]

STATEMENT OF KENNETH T. LYONS, PRESIDENT, INTERNATIONAL BROTHERHOOD OF POLICE OFFICERS

Mr. Chairman, members of the subcommittee, the International Brotherhood of Police Officers appreciates being granted this opportunity to testify in support of H.R. 7004, a bill to provide a nationwide program of life and accidental death or dismemberment insurance to public safety officers.

We also would like to express our gratitude to Senator Edward M. Kennedy for his introduction and sponsorship of this measure in the Senate, and to the chairman of this Subcommittee for sponsoring and supporting it in the House. As you know, this bill was first proposed in 1972, and has been approved three times by the Senate. We are hopeful, despite the brief legislative period remaining in the current session of the Congress, that 1978 will finally see its enactment.

The need for a program to bring life insurance costs within the reach of law enforcement personnel is well-established and broadly-acknowledged. The principal question is one of responsibility: why should the Federal Government involve itself in providing insurance for public safety officers employed by state and local governments?

In point of fact, the Federal Government is the only logical entity to establish standards for and administer a nation-wide program which is aimed at dealing with a problem that cuts across local jurisdictional boundaries. The problem, which is tied directly and closely to the hazards of the occupation involved, is that police officers find it difficult, if not prohibitive, to obtain insurance; and when they do obtain insurance, the premiums are higher than they are for other citizens of similar age employed in less hazardous and less arduous occupations.

This is because insurance companies consider law enforcement personnel as a group to be higher risks than those employed in less hazardous occupations.

The prohibitively high cost of life insurance for public safety personnel causes many police officers and fire fighters to go without life insurance entirely. When an uninsured police officer or the fire fighter dies, his family is often left penniless. Congress has already acted to alleviate this tragedy in its most glaring form. The Public Safety Officers' Benefits Act of 1976 provides for the payment of a

\$50,000 benefit to the survivors of police officers, fire fighters and certain other officers who die as a result of personal injury sustained in the line of duty.

There still remains a serious gap. Many uninsured public safety officials die each year from causes other than line of duty personal injuries. They die from diseases associated with the stress of their employment, such as: stroke, heart attack and bleeding ulcers. Others die from causes that are not connected in any way with their profession.

All too often the families of these public safety officials are condemned to poverty. H.R. 7004, if enacted, would provide protection for the survivors of public safety officials who die from causes that can not be considered line of duty.

Current information provided the IBPO by officials of the Metropolitan Life Insurance Company, one of the industry's largest, dramatically underscores the disparate treatment experienced by police officers in the life insurance market.

In purchasing standard life insurance, most of us are eligible for what are described as "preferred" rates. Police officers, on the other hand, are ineligible for these rates by virtue of their occupation and may purchase insurance based on "standard" rates. For a 35-year-old male, the "load" factor built in to standard rates compared to preferred rates is 25 percent for a one-year term policy.

The contrast is even sharper in terms of accidental death or dismemberment insurance. For the general population, such insurance is available at a cost of six cents per month, per thousand. For a police officer, the rate is nearly double, or eleven cents per month, per thousand.

H.R. 7004 would create an insurance program for public safety officials that would, in many respects, parallel the Federal Employees Group Life Insurance program, FEGLI. This bill contemplates no radical experimentation. It provides for public safety personnel an insurance program in a form that has proven successful for Federal employees. We see this insurance program as a necessary measure to provide minimum insurance protection to public safety officers.

It should be noted that along with life insurance, H.R. 7004 would also provide dismemberment insurance. This provision fills another gap in the current protection available to many public safety personnel. The current plight of a member of the International Brotherhood of Police Officers who lost his hand in a shooting incident illustrates the importance of dismemberment insurance. This police officer was shot while confronting two men who were robbing a bank. The officer observed the armed men leaving the bank. He drew his pistol and was calling for assistance over his portable two-way radio when one of the robbers fired a shot that hit the officer in the hand that was holding the radio. The bullet was deflected by the radio; otherwise it would have entered the officer's chest. This man is lucky to be alive today. However, he lost the use of his hand. This officer will probably be given a medal. However, he will not be compensated for the loss of his hand. Under the provisions of H.R. 7004, this police officer would receive compensation for his injury.

This bill embodies the very best type of Federalism. The per capita cost of group insurance coverage is reduced as the size of the group is increased. By purchasing life insurance for public safety officers on a national basis, the per capita cost of the insurance will be reduced. Further, no state or local unit of government will be compelled to contribute one cent to this program. This will create a national program with the benefits of large size, yet it retains local and individual options.

The people of this country ask police officers to risk their lives on a daily basis. We of the IBPO ask the Congress to help provide a minimum level of protection to the families of those who put their lives on the line to protect others.

It is clear that police officers, like everyone else, require adequate insurance. H.R. 7004 would encourage state and local governments to provide this insurance and, by creating a national group, this legislation will allow for substantial savings to state and local governments.

When you and your family need help, you know that the police will respond. Today the police officers of this country are asking for your help. Thank you for your kind consideration and attention.

Our next witness is Bob Gordon, secretary-treasurer of the International Conference of Police Associations.

In recognizing you, Bob, I would like to say we have been through a lot together and I would say that there is no man that spent more hours up here with us, guiding us, coaxing us, twisting our arms, whatever was necessary to get that public safety benefits law through.

I hope that you and your organization have gotten your share of the credit. I certainly have, and I am very personally indebted to you for helping me and the Congress get that through.

**TESTIMONY OF BOB GORDON, SECRETARY-TREASURER, INTERNATIONAL CONFERENCE OF POLICE ASSOCIATIONS**

Mr. GORDON. Mr. Chairman and members of the committee, I appreciate this opportunity to present testimony in support of the Public Safety Officers Group Life Insurance Act. This legislation will authorize a much needed benefit for public safety officers and will assist State and local governments in providing this coverage.

The International Conference of Police Associations and the Fraternal Order of Police, the two largest police organizations in the country, along with the International Association of Fire Fighters, lobbied for passage of this legislation since the original proposal, S. 33, was introduced in the 92d Congress by Senator Kennedy. The ICPA offered testimony on this measure as far back as May 25, 1972. Since that time, we have seen this legislation introduced and sent through the committee system until it was offered as an amendment to the Public Safety Officers Benefit Act in July 1976, only to see the amendment dropped in a House-Senate conference.

We are grateful to the U.S. Senate for passing S. 262, by unanimous consent in September 1977. We are further grateful to you, Mr. Chairman, for your support of this legislation and your past support of the Public Safety Officers Benefit Act and the efforts put forth on behalf of the widows and survivors of public safety officers. It is our hope that this committee will recommend passage of this legislation even though opponents of this bill can see no need for this measure in light of the recent enactment of the Public Safety Officers Benefits Act.

While this benefit has indeed lightened the burden of the survivors of police officers and firefighters killed in the line of duty, the fact remains that the public safety officers who do not succumb to job-related illness and injuries are left completely unprotected. In fact, in many cases, because of the fact that the officer did not die in the line of duty or due to a job-related cause, there are no funds available to his survivors under the retirement systems in their respective municipalities.

The question most often raised is why the Federal Government, as you just asked Mr. Lyons and several others, should become involved on the local and State level. My response has been that our Federal Government has been totally involved in every aspect of law enforcement since the Safe Streets Act, through LEAA, in college incentive programs through LEEP, in rulings handed down by the Supreme Court, in civil or criminal actions by the U.S. Department of Justice against law enforcement officers who violate the civil rights of individuals, minority hiring, affirmative action, guidelines on height and weight requirements, grants by the Department of Transportation for the purchase of new vehicles and Department of Labor grants for training programs that leave much to be desired.

The Federal Government has become deeply involved in the everyday operation of police departments throughout the country, yet when it comes to providing a survivor with a small amount of life insurance of which the local government and the officer would be contributing to, there is that ever-present opposition to such legislation.

Various legislators have asked me why our union does not seek this coverage on the local level rather than from the Federal Government. There are presently 13 States that steadfastly refuse to provide collective bargaining for police officers. Until the time comes when public safety officers are permitted to negotiate for salaries and benefits, we are forced to seek these benefits from the Federal Government. I further believe that it has been clearly indicated by the filibuster in the U.S. Senate by the right-to-work States to stall passage of the labor reform bill, that they have no intention of allowing collective bargaining in the private sector let alone for public employees.

In addition, we have police officers in some parts of this country earning as little as \$7,500 per year. I am sure you will agree that \$7,500 leaves little left over for luxuries or life insurance.

Senator Kennedy pointed out in his statement at hearings on S. 262 that public safety officers have been unable to acquire adequate life insurance. His research showed that for some police officers, life insurance was either extremely expensive or inaccessible and double indemnity was impossible to obtain.

Mr. Chairman and members of this committee, the ICPA, along with our colleagues in the FOP and the IAFF, urge you to act favorably and recommend this legislation for final passage.

You have asked several previous speakers if any surveys were taken with insurance companies, and I would like to make this part of the record. We have done our own survey of 24 States throughout this country that are members of our international. It is pretty much of a cross section as to who has and who does not and how much is provided by the States, whether it is paid wholly by the department or an outside agency.

Mr. EILBERG. Without objection, we will make that part of the record. We are very much indebted to you for that study.

[The information follows:]

#### LIFE INSURANCE

Name of city or jurisdiction	Insurance provided by department?	Coverage
Arizona: Phoenix.....	Wholly paid by department.....	\$25,000 if killed while on duty, \$4,000 if off duty. Dismemberment included if on duty.
California:		
Compton.....	No.....	
Long Beach.....	Wholly paid by department.....	\$5,000. Dismemberment not included.
Los Angeles.....	No.....	
San Francisco.....	No.....	
Canada: Toronto.....	Wholly paid by department.....	1½ times annual salary to the nearest \$1,000 plus accidental death and dismemberment.
Connecticut: Wilton.....	do.....	\$10,000. Dismemberment included.
District of Columbia.....	Partly paid by department.....	\$10,000. Dismemberment not included.
Florida:		
Jacksonville.....	Wholly paid by department.....	Do.
Naples.....	Partly paid by department.....	Do.
Illinois:		
Chicago.....	No.....	
Springfield.....	Wholly paid by department.....	\$2,000. Dismemberment included.
Indiana:		
Elkhart.....		
Fort Wayne.....	Partly paid by department.....	\$10,000, with annual premium of \$1.
Indianapolis.....	do.....	Dismemberment not included.
Iowa: Waterloo.....	Wholly paid by department.....	\$10,000. Dismemberment included.
Maine: State troopers.....	Employee must pay for insurance...	
Maryland:		
State's attorneys investigators.....	Wholly paid by department.....	2½ times annual salary.
Montgomery County.....	Partly paid by department.....	2 times annual salary, increased to the next higher multiple of \$1,000. Dismemberment included.
Prince George's County.....	Wholly paid by department.....	2 policies: (1) 2 times base yearly salary; (2) 50 times base monthly salary. Dismemberment not included.
Michigan: Detroit.....	Partly paid by department.....	\$12,500. Dismemberment included.

## LIFE INSURANCE—Continued

Name of city or jurisdiction	Insurance provided by department?	Coverage
<b>Minnesota:</b>		
Minneapolis	Wholly paid by department	\$5,000 double indemnity plus option to buy up to 2 times annual salary coverage. Dismemberment included.
St. Louis County	do	\$5,000. Dismemberment not included.
Missouri: St. Louis	Partly paid by department	The next thousand of the officer's salary plus \$3,000. Dismemberment included.
<b>Nevada: Las Vegas</b>		
	Wholly paid by department	\$12,000 accidental death, \$6,000 natural death. Dismemberment included.
<b>New Jersey:</b>		
Burlington County Prosecutor's Department	do	\$5,000. Dismemberment included.
Camden	No	
Cinnaminson	No	
East Hanover	Wholly paid by department	\$15,000. Dismemberment included.
East Orange	No	
Hoboken	Wholly paid by department	3½ times last year's salary. Dismemberment not included.
Jersey City	do	\$5,000. Dismemberment included.
Newark	do	
Paterson	No	
Sayreville	Wholly paid by department	\$20,000. Dismemberment not included.
Trenton	do	3½ times base pay. Dismemberment not included.
<b>New York:</b>		
Amherst	do	\$10,000. Dismemberment included.
Amityville	No	
Bacon	No	
Buffalo	Wholly paid by department	\$5,000 plus \$2,000 for each child and spouse Dismemberment included.
Dobbs Ferry	do	\$5,000. Dismemberment included.
Easthampton Town	do	\$20,000. Dismemberment included.
Elmira	No	
Federal Protective Service	Partly paid by department	\$10,000. Dismemberment not included.
Freeport	Wholly paid by department	\$20,000. Dismemberment included.
Glens Falls	No	
Gloversville	No	
Greenburgh Town	Wholly paid by department	\$10,000. Dismemberment included.
Hempstead	do	\$20,000. Dismemberment included.
Jamestown	do	\$20,000. Dismemberment not included.
Lloyd Harbor	do	\$25,000 plus line of duty double indemnity. Dismemberment included.
Long Beach	do	\$15,000. Dismemberment included.
Lynbrook	do	\$5,000. Dismemberment not included.
Mechanicville	No	
Monticello	Wholly paid by department	\$20,000 plus \$10,000. Dismemberment included.
Mount Vernon	No	
Nassau County	Wholly paid by department	1 month's salary for each year worked, to a maximum of 12 months. Dismemberment included.
New Castle Town	do	\$25,000. Dismemberment included.
Northport	do	\$7,500. Dismemberment included.
North Tonawanda	do	\$10,000. Dismemberment not included.
Port Authority	do	3 times annual salary. Dismemberment not included.
Poughkeepsie City	do	\$7,500. Dismemberment included.
Putnam Valley	do	\$25,000. Dismemberment included.
Rome	do	\$4,000 employee; \$2,000 wife; \$1,000 dependents. Dismemberment not included.
Southold Town	do	\$1,500.
Tonawanda Town	do	\$10,000. Dismemberment not included.
Westhampton Beach	do	\$7,500 death and dismemberment policy. Dismemberment included.
<b>Ohio:</b>		
Bedford	do	\$5,000. Dismemberment included. Officer has option to pay for more coverage.
Cleveland	No	
Eastlake City	Wholly paid by department	\$7,500. Dismemberment included.
Garfield Heights	No	
Highland Heights	No	
Mansfield	Wholly paid by department	\$5,000 in the line of duty.
Mayfield Village	No	
Mentor City	Wholly paid by department	\$5,000 crown; \$12,000 OML. Dismemberment included.
Newburgh Heights	No	
Olmsted Falls	Wholly paid by department	\$25,000. Dismemberment included.
Parma Heights	do	\$2,000. Dismemberment included.
Seven Hills	No	
Shaker Heights	Wholly paid by department	\$7,500. Dismemberment not included.
Solon City	No	
<b>Texas:</b>		
Houston	Wholly paid by department	\$16,000. This amount is raised annually. Dismemberment included.
San Antonio	do	\$10,000. Dismemberment included.
Vermont: State troopers	Partly paid by department	Annual salary. Dismemberment not included.
Virginia: Arlington	do	Nearest thousand up from annual salary. Dismemberment included.
Wisconsin: Milwaukee	do	1½ times salary. Dismemberment not included.

Mr. EILBERG. We have a few questions. Mr. Gordon, if the Federal Government contributes to life insurance benefits for public safety officers, should we also contribute to health insurance and other benefits in order to make employment as a public safety officer more attractive?

Mr. GORDON. I think I would have to respond, Mr. Chairman, that again if this was in the hazardous capacity, I would probably have to say yes in that area. But other than that, I would see no need for it.

Mr. EILBERG. By hazardous do you mean related to the line of duty?

Mr. GORDON. Yes.

Mr. EILBERG. Is group life insurance any more difficult for public safety officers to obtain than for any other group of employees? Is that included in your study?

Mr. GORDON. Well, life insurance, to be honest, we have not really come across—it is that hard to obtain. False arrest is almost unbelievable to obtain. That seems to be a No. 1 priority with our people.

But on life insurance, the funding of it is the big issue. Again, it is in the area of collective bargaining. Our people can just not afford it.

Mr. EILBERG. Cannot afford—

Mr. GORDON. The premiums.

Mr. EILBERG. For life insurance?

Mr. GORDON. Yes, sir. I have found in contradiction to some of the testimony just given here that there is not that much of a problem obtaining this insurance except it is the funding problem. We know of nobody who has been turned down as a group for life insurance because of the occupation of police officers.

Mr. EILBERG. Does it cost more?

Mr. GORDON. No. We have not come up with—it costs more.

Mr. EILBERG. Are you talking about accidental death insurance?

Mr. GORDON. No, sir, regular life insurance.

Mr. EILBERG. Please describe again the results of your survey.

Mr. GORDON. The study that we did was as to who provides the insurance, whether it is paid by the department, and the type of coverage that the officer would receive. Dismemberment is not included in Long Beach, Calif., in Los Angeles, San Francisco.

I might add again, Mr. Chairman, this happens to be another State that has no collective bargaining. If we had collective bargaining, no doubt every department in California would have life insurance included in their benefits.

In Connecticut, some pay, some do not. Florida is wholly paid, some partially. Illinois has no coverage whatsoever in the State. One department does have a \$2,000 dismemberment clause.

Mr. EILBERG. But you are saying that the premium is not greater for life insurance?

Mr. GORDON. That is correct.

Mr. EILBERG. The problem, as far as you are concerned, is that a group plan is not being provided by many State and local governments or that it is being provided in inadequate amounts.

Mr. GORDON. That is correct.

Mr. EILBERG. Why do you believe that the Federal Government's financial contribution is advisable in this program? Can a police association such as yours purchase an adequate group plan for its members?

Mr. GORDON. I thought I sort of encompassed that in my testimony as to why the Federal Government. I imagine we would have to say the

same things about the civil rights movement. It is just the plain fact that the 13 States that provide no collective bargaining will not provide us the opportunity, as I stated to you many times, to go into negotiating such a benefit for our members. If I can sit on the other side of the table and negotiate this, God bless me; and if I can't, they should get somebody else to do the job.

The fact remains that is not provided for us, and we have to seek this from the Federal Government as we did the \$50,000 bill because these States just will not recognize the fact, as Mr. Hall just said in Memphis—that happens to be our member association and we deplore what has been taking place down there. But on the other side of the coin, our people have been jacked all over the place down there. The president of our association was on the "Today" show this morning. It is now spreading to the sanitation department just because of the fact that the city refuses to recognize the collective bargaining process or binding arbitration, whichever the case may be, including the fire-fighters.

Mr. EILBERG. Mr. Hall.

Mr. HALL. Mr. Gordon, we have passed legislation to allow certain amounts of money to be paid to widows and orphans. Now we are coming in on the insurance program. At what time in the future will the Federal Government be called upon to start paying the salaries of the policemen?

Mr. GORDON. I personally hope that never happens, Congressman. I think it would end as I have stated, when there is a true nationwide collective-bargaining bill for public employees and police officers and firefighters. We then can negotiate with the various municipalities. Until that time takes place and there is an amendment to the labor laws in this country by Congress, this is going to continue until we have that right to go in and collectively bargain for these benefits and salaries.

Mr. HALL. Do you think at some time in the future the Federal Government will be called upon to pay the salaries of all police officers and firemen?

Mr. GORDON. No, sir, I do not. I think that is quite evident with what took place in the city of New York. Three thousand of our members were laid off due to the economy. We made an urgent plea to maintain these police. Funding from the LEAA was solicited. Needless to say, we were turned down, so I can never visualize the Federal Government is going to be paying the salaries of police officers.

Mr. EILBERG. Mr. Gordon, we are indebted to you once again for your testimony. Thank you.

[The prepared testimony of Mr. Gordon follows:]

STATEMENT OF ROBERT D. GORDON, SECRETARY-TREASURER, INTERNATIONAL CONFERENCE OF POLICE ASSOCIATIONS

Mr. Chairman and members of the committee, I appreciate this opportunity to present testimony in support of the Public Safety Officers Group Life Insurance Act. This legislation will authorize a much needed benefit for public safety officers and will assist state and local governments in providing this coverage.

The International Conference of Police Associations and the Fraternal Order of Police, the two largest police organizations in the country, along with the International Association of Fire Fighters, lobbied for passage of this legislation since the original proposal, S. 33, was introduced in the 92nd Congress by Senator Kennedy. The ICPA offered testimony on this measure as far back as May 25,

1972. Since that time, we have seen this legislation introduced and sent through the Committee system until it was offered as an amendment to the Public Safety Officers Benefit Act in July, 1976, only to see the amendment dropped in a House/Senate Conference.

We are grateful to the U.S. Senate for passing S. 262, by unanimous consent in September 1977. We are further grateful to you, Mr. Chairman for your support of this legislation and your past support of the Public Safety Officers Benefit Act and the efforts put forth on behalf of the widows and survivors of public safety officers. It is our hope that this Committee will recommend passage of this legislation even though opponents of this bill can see no need for this measure in light of the recent enactment of the P.S.O.B.A. While this benefit has indeed lightened the burden of the survivors of police officers and fire fighters killed in the line of duty, the fact remains that the public safety officers who do not succumb to job related illness and injuries are left completely unprotected. In fact, in many cases, because of the fact that the officer did not die in the line of duty or due to a job related cause, there are no funds available to his survivors under the retirement systems in their respective municipalities.

The question most often raised is why the Federal Government should become involved on the local and state level. My response has been that our Federal Government has been totally involved in every aspect of law enforcement since the Safe Streets Act, through LEAA, in college incentive programs through LEAP, in rulings handed down by the Supreme Court, in civil or criminal actions by the U.S. Department of Justice against law enforcement officers who violate the civil rights of individuals, minority hiring, affirmative action, guidelines on height and weight requirements, grants by the Department of Transportation for the purchase of new vehicles and Department of Labor grants for training programs that leave much to be desired. The Federal Government has become deeply involved in the every day operation of police departments throughout the country, yet, when it comes to providing a survivor with a small amount of life insurance of which the local government and officer would be contributing to, there is that ever present opposition to such legislation.

Various legislators have asked why our union does not seek this coverage on the local level rather than from the Federal Government. There are presently 13 States that steadfastly refuse to provide collective bargaining for police officers. Until the time comes when public safety officers are permitted to negotiate for salaries and benefits, we are forced to seek these benefits from the Federal Government. I further believe that it has been clearly indicated by the filibuster in the U.S. Senate by the right to work States to stall passage of the Labor Reform Bill, that they have no intention of allowing collective bargaining in the private sector let alone for public employees.

In addition, we have police officers in some parts of this country earning as little as \$7,500 per year. I am sure you will agree that \$7,500 leaves little left over for luxuries such as life insurance.

Senator Kennedy pointed out in his statement at hearings on S. 262 that public safety officers have been unable to acquire adequate life insurance. His research showed that for some police officers, life insurance was either extremely expensive or inaccessible and double indemnity was impossible to obtain.

Mr. Chairman and Members of this Committee, the ICPA, along with our colleagues in the FOP and the IAFF urge you to act favorably and recommend this legislation for final passage.

Mr. EILBERG. Our next witness is Mr. Fred Schillreff, representing the International Association of Fire Fighters.

We welcome you, Mr. Schillreff, and you may proceed as you wish.

### TESTIMONY OF FRED SCHILLREFF, INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS

Mr. SCHILLREFF. Thank you, Mr. Chairman and Mr. Hall and members of your staff. I will try to be brief this morning. I had this responsibility given to me at the last minute while our president is in Las Vegas at our international convention. He would like to provide additional data to you in the future.

I would like to have my testimony submitted for the record and let it stand at that.

Mr. EILBERG. Without objection, the statement will be made a part of the record.

[The information follows:]

STATEMENT OF FRED SCHILLREFF ON BEHALF OF THE INTERNATIONAL ASSOCIATION  
OF FIRE FIGHTERS

Mr. Chairman, my name is Fred Schillreff and I appear before you today on behalf of the International Association of Fire Fighters, representing approximately 175,000 Professional Fire Fighters throughout the United States and Canada. I would like to first extend the apologies of our International President, W. Howard McClennan, who was unable to appear before you today to present this testimony, as he is attending our organization's Biennial Convention this week in Las Vegas. I would also respectfully ask that he be allowed to submit more specific testimony in the near future and present today, this brief presentation before you.

The International Association of Fire Fighters fully supports S. 262-H.R. 6845 which would authorize group life insurance programs for public safety officers and to assist State and local governments in providing such insurance programs by underwriting a portion of the premium. This piece of legislation was introduced in the Senate by Senator Kennedy (D-Mass.) in the last session of Congress and passed by that body. During deliberations on the Public Safety Officer's Death Benefit Act, Senator Kennedy amended the substance of the Act onto the public safety officer's bill. Realizing that the insurance bill may impede the progress of the \$50,000 Death Benefit Act, he agreed to withdraw it and handle it separately in this Congress.

We are very pleased that this committee is holding hearings on H.R. 6845, not only because of our strong commitment to the bill, but of the need which exists among people in the public safety field for the benefits it provides.

In 1968 as a result of the Federal Crime Commission Report, it was recognized that law enforcement personnel and fire fighters have great difficulty in obtaining any type of comprehensive life insurance.

If you are a janitor in a school, you can get group life insurance; if you are a teacher in the public school, you can get life insurance, but if you are a fire fighter or police officer you may not be able to get it. In further instance after instance the record shows that you cannot get it. In some States policemen are able to buy only \$2,000 of insurance. Passage of this legislation is recognition of the fact that those who are in the front line providing security to the American people should be able to receive insurance, assuring security for their families and for their children.

The Congress recognized this concept when it provided insurance for the Armed Forces, for the people who are in the front line protecting the security and defense of the United States. That same Congress should be able to provide it for those who are in the front line of our domestic security—our fire fighters and police officials. It is strictly a voluntary program, but if they decide to participate, they will be able to get a life insurance policy.

What we are talking about is a small modest program. The Federal Government is liable only up to one-third of the insurance premiums. The program is administered through LEAA. It is going to depend upon the participation of the State, the local community and the local officials themselves. We are not promoting a total underwriting by the Federal Government. What this legislation would do is provide important incentives by providing group life insurance to local law enforcement officers and fire fighters of this country who want it. The Federal cost will be \$26 million the first year, \$27 million the second year, and \$29 million the third year—if almost 600,000 public safety officers in this country actually utilize the program. We are not talking, therefore, about great amounts of money.

Under the bill, the Law Enforcement Assistance Administration would purchase a national group policy from eligible nationwide private life insurance carriers. Coverage and administration of the program would thus be undertaken by the private sector. Any applicable unit of state or local government could apply to LEAA to participate in the program. Officers in participating groups could elect

not to be covered; those remaining in the program would have their share of the premiums deducted from their wages. LEAA would pay up to one-third of the total cost of the premiums, leaving the remainder to be covered by the insured and/or the employing agency.

Coverage would be at a level of the officer's annual salary plus \$2,000, with a floor of \$10,000 coverage rising to a maximum of \$32,000. Accidental death and dismemberment insurance would be included with the usual double indemnity feature. LEAA would set the premium.

We are aware that public safety is and must remain a local responsibility. If an existing state or local group life insurance plan is already in existence which provides similar coverage for public safety officers, eligible officers would choose in a referendum between the Federal and local plan. If they choose the local plan, they would still be eligible to receive a significant Federal subsidy, without being bound by the provisions of the Federal program. The bill thus respects fully the interest of states, localities and their officers in their existing plans.

Mr. Chairman, the need for this type of group insurance program is just as apparent now as it was in 1970 and 1972 when the Senate passed similar measures. Today, faced with the hazards and dangers of our high risk occupations, many public safety officers find themselves unable to acquire regular life insurance. Even if they are eligible, premium costs may be prohibitive and insurance benefits restricted.

If public safety officers try, despite the possibility of such obstacles, simply to buy as much insurance as they think they need for themselves and their family, they are held back by the disgracefully low salaries they so often receive. In a 1972 survey of 300 New York City policemen, 95 percent said they felt their salaries were too low for them to afford adequate life insurance.

Further, employer-supported group plans to remedy the insurance problems of public safety officers vary widely in their coverage and are frequently not offered at all. More importantly, LEAA figures show very clearly that under 4 percent of all officers have coverage as high as the \$10,000 minimum which would be provided by this amendment.

The picture that emerges of available insurance is a very mixed one with some officers enjoying good benefits at reasonable cost but many others having little or no coverage, higher cost, or less favorable conditions. Many areas are unable or unwilling to provide this benefit, which is so important both to our members and to the recruitment and retention of highly qualified personnel. Simply stated, because of job hazards, disgracefully low salaries and public employer inaction—all factors which are job related—many fire fighters and their families are inadequately protected against death or major disability on or off the job.

We hear a lot of talk about the need to support the efforts of our public safety personnel in making this Nation a safer, better place in which to live. This bill provides an opportunity to back up words with action.

We would like to thank you Mr. Chairman, and your Committee for the opportunity to present our views on this matter and would hope that you would take positive action voting to report H.R. 6845 moving it one step closer to reality for all fire fighters and police officers in this nation.

Mr. EILBERG. Do you wish to make any comments with regard to the statement?

Mr. SCHILLREFF. No; I do not.

Mr. EILBERG. Mr. Schillreff, we will read your statement very carefully and if we wish to talk to you further or have questions we will be in touch with you later. Thank you very much for coming. Tell your president we will pay close attention to what you say.

Mr. SCHILLREFF. Thank you, sir.

Mr. EILBERG. Our next witness is Mr. Richard Minck, who is an actuary employed by the American Council on Life Insurance. The council is the largest trade association of life insurance companies. We requested the council to provide us with an expert witness who would be able to analyse the legislation, and we were referred to Mr. Minck.

Mr. Minck.

## TESTIMONY OF RICHARD MINCK, ACTUARY

Mr. MINCK. Thank you, Mr. Chairman. I am employed by the American Council of Life Insurance. However, I am appearing here this morning as a private citizen and as an actuary, none of the things I am saying this morning are on behalf of either my employer or any of our member companies. I mentioned in my statement who my employer is simply to give some idea of my background. I have been involved in the group insurance business for more than 20 years.

Mr. EILBERG. Can I guess that there is a divergence of opinion within your association as to the approach toward this legislation?

Mr. MINCK. No, Mr. Chairman, I do not think it is that. It is just that this bill is not one that we have any official policy on. The desirability of enacting such a bill is not something for the insurance business to comment on. But, if you do enact such a bill we are anxious to offer help to make sure the insurance mechanism is set up as efficiently as possible.

Mr. EILBERG. Is the council taking a position on this legislation?

Mr. MINCK. No, it has no position to take.

Mr. EILBERG. All right. Please proceed.

Mr. MINCK. The statement—and I apologize for any errors in it—was done on extremely short notice late yesterday afternoon.

Mr. EILBERG. We are glad to have you anyway.

Mr. MINCK. It covers basically the way in which premiums are established and certain common features of group insurance plans. In most instances the bill that is before you is written in such a fashion as to fall in neatly with most group insurance practice.

There is one section in which I raise a minor question, namely the section which covers duplication with the Federal gratuities under the other program. It is set up in an odd fashion, I think. If you enact this bill, you will have a death benefit payable to the individual under any circumstances of say \$20,000. There might also be an accidental death benefit of \$20,000. In some cases that will be payable under the master group plan you are setting up, in other cases under existing coverage that the municipalities already have.

Mr. EILBERG. As I recall, Mr. Minck, the life insurance benefit payable would be the amount of the officer's salary plus \$2,000 and it could be considerably less than \$20,000?

Mr. MINCK. Yes; I was merely giving that as an example. The same thing would be true if it were \$10,000. The point I am making is this, the insurance company will automatically pay the claim after receiving proof of death if it is the carrier under the Federal program this bill would establish. If the employee happens to be covered by a municipality under an existing group insurance contract—you have provision for that possibility as well—the claim will be automatically paid by the insurance company writing that contract. It may not be clear for some time whether or not the individual's beneficiaries are eligible for a gratuity.

It seems to me it would be a lot easier to administer a duplication provision if it were done the other way, that is, if you reduced the gratuity by any amount of life insurance benefit paid rather than the way the bill seems to be drafted.

Mr. EILBERG. I am not sure I understood that point. Would you mind rephrasing it?

Mr. MINCK. One of the advantages of being covered under a group life insurance policy is that once death occurs the claim will be paid and the beneficiary will have money to live through the next month. The dependents of some public safety officers will be eligible for gratuities under the bill that you passed last year, others will not. But under the normal operation of major group insurance case, the death claim and the money would be paid immediately to the beneficiary. So if you amended the bill so that death claims were paid in any event and any adjustment was made in the gratuity, the money could come to the beneficiary at the point in time he or she needed it most.

Mr. EILBERG. What is your opinion of the track record of group life insurance in the United States?

Mr. MINCK. Oh, of course, I favor group life insurance. I think the widespread coverage in the United States indicates that most people find it a very useful thing.

Mr. EILBERG. I would like to ask a few questions. Would you like to first proceed with your statement?

Mr. MINCK. That was really the only point I wanted to highlight. What I would like to do is respond to questions either directly or in writing, whichever you prefer.

Mr. EILBERG. We would like to ask you some questions now if we may. We will make your statement a part of the record at this point without objection.

[The information follows:]

STATEMENT OF RICHARD MINCK, VICE PRESIDENT AND CHIEF ACTUARY  
OF THE AMERICAN COUNCIL OF LIFE INSURANCE

My name is Richard Minck, Vice President and Chief Actuary of the American Council of Life Insurance, a trade association whose member companies write about 95% of the group life insurance written by U.S. companies. I am appearing to offer some comments on the basic insurance features of the bill before the Subcommittee and to respond in a general way to some questions which have been raised by the staff of the Subcommittee. My statement will be primarily concerned with current practices in the field of group life insurance.

I. GROUP LIFE INSURANCE PREMIUM RATES

A. Computations of initial rates

In order to calculate the initial premium rates for a new case, companies obtain a census showing how much insurance will be issued at each age. The amounts of insurance at each age are multiplied by the tabular gross premium rate for such age, and the resulting gross premiums are added together. Any additional premiums required because of hazardous occupations are added to produce a basic premium. This basic premium is then reduced by an "advance expense and contingency adjustment" factor which depends on the size of the case.

The advance adjustment recognizes the incidence of expenses and the margins needed for contingencies. Some expenses—such as state premium taxes—vary by the amount of premiums a case produces. Other expenses vary by number of lives insured or numbers of claims experienced. Still other expenses—such as the costs of establishing records for a case and issuing a contract—are relatively constant regardless of the size of the case. The net result of this rather complicated pattern of expense variation is that expenses as a per cent of premium tend to decrease as premiums increase but not beyond a certain point. The same is true for margins needed for mortality fluctuations and for contingencies.

### *B. Separate rates for separate employers*

The calculations outlined above set the initial premium rates. In group insurance cases involving a single employer, it is customary to express the premium rates to be charged in terms of so many cents per month per \$1,000 of insurance—based upon the preceding calculations. If several separate employers are involved, separate premium rates are developed for each employer reflecting the distribution of insurance on his employees. Otherwise, an employer for whom most of the insurance would cover rather young employees would find that he could do better purchasing such insurance outside the proposed case. This is particularly significant for the case to be established by the bill since many state and municipal governments have existing group life insurance coverage for public safety officers and would naturally compare the costs of the two alternatives.

### *C. Providing for special hazards*

The premium rates generally used are applicable to a wide range of industries, but in some cases additional premiums may be required to cover special hazards. In general, insurance companies have not had to charge extra premiums for group life insurance on groups including public safety officers. However, extra premiums have been required for group accidental death and dismemberment coverage. The reason for this difference is that much of the extra hazard represented by these groups is the additional risk of accidental death. If a group were to have an expected 200 deaths per year and an expected two accidental deaths, the costs of one additional accidental death would be nominal as far as life insurance claims were concerned. However, the accidental death and dismemberment claims costs would be 50% greater than normal.

### *D. Experience rating*

The procedures outlined above establish the premium rates charged for the first year. In subsequent years, the premium rates charged will reflect the experience that actually develops under a case. The experience rating process also provides for retrospective rate credits or dividends to be determined at the end of each year to the extent that the premium charged is determined to be more than required. Employers use such rate credits or dividends to pay future premiums or may have such amounts held by the insurance company in a contingency reserve to help stabilize future experience. This latter approach is currently used in both the Federal Employers Group Life Insurance case and the Servicemen's Group Life Insurance case.

## II. PROVISIONS CUSTOMARY TO GROUP LIFE INSURANCE PLANS

### *A. Conversion privilege*

Virtually all group life insurance contracts in the United States provide that in the event of termination of employment, coverage under the group insurance contract continues for 31 days and that any time within that period an employee may apply for an individual policy providing the same amount of life insurance. The individual policy must be issued at standard rates regardless of the health of the employee (although an appropriate extra premium may be charged if the employee enters a hazardous occupation). The value of this privilege to the employee is shown by the fact that mortality under such converted policies has been many times higher than mortality under corresponding policies issued to individuals who have been found to be standard risks. The costs of such extra mortality are borne by the group case under which the conversions are made.

It is important that the period for extending coverage and the period for applying for a converted policy be the same to avoid any interruption in coverage, and a one-month period is virtually universal. The conversion privilege applies to life insurance; accidental death benefits or disability benefits are not normally included in the converted policy.

### *B. Disability provisions*

Most group life insurance policies provide disability benefits. The benefit most commonly included in modern contracts provides that in the event an employee becomes disabled, life insurance coverage will be continued and premiums for such coverage will be waived until the employee recovers from his disability. The cost of such a benefit is included in the premiums generally quoted.

### *C. Employee contributions*

Most group life insurance plans provide for the same rate of employee contribution per \$1,000 of insurance regardless of the age of the employee. This approach is much simpler to administer than the alternative of varying employee contributions by age. Younger employees find such an approach acceptable since the employer usually pays much of the costs and the remaining contribution is low compared with the cost of individual insurance even for very young employees. In addition, young employees will one day become older and enjoy the advantage of the fact that contributions remain level. There are a few exceptions—some group life insurance policies cover professional associations and each member pays for the cost of his own coverage. In such cases where there is no substantial employer contribution, employee contributions must vary by the age of the employee.

### *D. Accidental death and dismemberment benefits*

It is quite common for a group life insurance plan to provide additional insurance against accidental death or dismemberment. Such benefits have a relatively low cost, although an additional premium would usually be charged for public safety officers. Occasionally the benefit is written on request for some groups as an accidental death benefit without provisions covering dismemberment. There is very little difference in the costs of these two forms of coverage.

### *E. Beneficiary provisions*

Normal practice in group life insurance is to make the benefit payable to the person named by the employee when he applies for coverage—subject to subsequent change by the employee. The listing of preferential classes of beneficiaries—as was done in the Servicemen's Group Life Insurance plan—is unusual and presumably meets special needs of the particular group.

### *F. Changes in amounts of insurance*

Most group life insurance plans under which the amount of insurance an individual has is a function of his salary, provided that the amount may be increased at the next premium due date following the increase in salary. Most plans do not provide for reductions in amounts of insurance, in part, at least, because reductions in salary tend to be relatively rare. If employees are paid purely by commissions or have wages that fluctuate widely for some reason, a group life insurance plan may provide an individual with an amount of insurance based on average income over a period of years to avoid frequent changes in amounts of insurance (either up or down).

### *G. Participation requirements*

State laws generally require that where an employer pays the full cost, 100% of his eligible employees be covered for group life insurance. If employees contribute to the cost, state laws generally require that at least 75% of the eligible employees agree to be covered before the insurance can be issued. In a case involving more than one employer, such participation rules normally apply to each employing unit. In some types of cases, state laws set somewhat less stringent participation requirements than these. The purpose for such requirements is to ensure that a case covers a reasonable cross section of the risk in the absence of individual underwriting. Otherwise, the standard premium rates will prove inadequate; as the premium rates subsequently increase, continued participation will become unattractive except to those employees in poor health, and the case may eventually collapse.

### *H. Statute of limitations*

Normally group insurance contracts are silent about the statute of limitations, and rely on the laws of the applicable jurisdiction. A different approach was taken for the Servicemen's Group Life Insurance plan. A four-year provision was included, presumably because of the uncertainties of battlefields. The more customary approach was taken for the Federal Employees Group Life Insurance plan.

## III. OTHER MATTERS

### *A. Reinsurance*

It is not uncommon for large group insurance cases to be reinsured. From the viewpoint of the primary insurer, the risk may be so large that the possibility of adverse claim experience is too great a risk to be acceptable. From

the viewpoint of the employer, there may be various business reasons for wanting the case to be shared by several insurance companies. The customary approach under such circumstances is for the primary insurer to administer the case completely and for the other insurance companies involved to participate in the financial experience of the case. Reinsurance arrangements have been made for both the Federal Employees Group Life Insurance case and the Servicemen's Group Life Insurance case—but on slightly different terms.

*B. Existing group life insurance*

The current situation of public safety officers differs from that of servicemen and federal employees before those plans were established in that many public safety officers are already covered by group life insurance under existing plans. Unless the Federal subsidy is established such that the cost of continuing existing plans is substantially the same as the cost of participating in the new plan, there will be pressure to drop existing plans and enroll public safety officers under the new Federal plan. Where existing plans cover other state or municipal employees, this would create particularly difficult problems. This is another reason for charging separate rates for each separate employer participating in the Federal program.

*C. Provision to prevent duplication with Federal gratuities*

Section 803(d) provides that policies purchased under this subpart may provide for adjustments to prevent duplication of payments under any program of federal gratuities for killed or injured public safety officers. Since coverage could be under an existing program of group life insurance issue to a state or local government, any program to avoid duplication of payments would operate more smoothly if reductions were made in federal gratuities to reflect life insurance benefits rather than the other way around.

Mr. EILBERG. Mr. Minck, you were here during Mr. Pat Stark's testimony?

Mr. MINCK. Yes, sir.

Mr. EILBERG. If my recollection is correct, he stated that in order to provide life insurance to their members the FOP must guarantee full participation of their membership. Is that so? Why is total participation of membership necessary to write a policy for that organization's members?

Mr. MINCK. The laws of the several States set participation requirements for group life insurance cases. The purpose for such laws is to insure that you have a reasonable cross section of risk. If a group were written where only 2 or 3 out of 100 decided to participate, almost certainly those 2 or 3 would not be in average health.

Mr. EILBERG. Does the provision in the bill that allows individual public safety officers to opt out of the plan create a problem in that regard?

Mr. MINCK. Yes, if enough opted out so you did not have a reasonable cross section. However, if the plan calls for a contribution by the officers, they should be allowed to opt out. Again, the usual State laws in employee-employer group situations requires that if the employer is paying the full premium, everyone has to be covered. If the employees pay for some part of the coverage, then you need 75 percent participation. There are other types of groups for which you have somewhat different requirements, but that is the basic participation requirement for groups of employees.

Mr. EILBERG. Can you briefly describe for us the advantages and/or disadvantages from an insurance prospective of a group life insurance policy for public safety officers? And in that connection what are the essential differences between these policies and individual policies?

Mr. MINCK. One basic difference between a group policy and an individual policy is that in group insurance you have a central mech-

anism for recordkeeping. That includes keeping track of who is insured and how much they are insured for; billing premiums, including the determination of how much money is needed each month or year, depending on frequency with which premium payments are made; and for processing and paying claims.

Those sorts of savings reduce appreciably the cost of coverage as contrasted to the sale of a policy to each individual. The whole process of group enrollment is much less expensive than having agents go out to each individual and solicit insurance.

You have slightly higher mortality costs, but only slightly, if you get a big enough cross section in the group.

The chief advantages from the point of view of what the insurance company reflects in premium rates are in the area of administrative savings.

From the point of view of the individual, the advantage is the employer contribution which ranges from quite commonly all of the premium to, say, half. From the viewpoint of the employer, there is broader penetration and more employees are covered than would be covered if you had to rely on individual solicitation.

Mr. EILBERG. How does this proposed plan for public safety officers differ from what is offered to Federal employees and servicemen?

Mr. MINCK. The relationship between the Government and the covered group would differ. In the other cases you have a single employer, of course, and the Government operates much like any other employer does for group insurance on his employees. In the case of the proposed bill, you would have a whole series of employers. The Federal Government would be acting, I guess, as a third-party agency. But outside of that, the plans would be quite similar and the benefits from the point of view of the participants would be quite similar.

Mr. EILBERG. How would you evaluate the success of the plans for the servicemen and the Federal employees?

Mr. MINCK. My understanding is that the plans have been very successful from the point of view of the participants. Certainly the companies have had no problems administering them, and I believe the Government has been satisfied with the results.

Mr. EILBERG. Mr. Minck, you have heard several witnesses this morning testify as to the higher costs of obtaining insurance for policemen and firemen, particularly accidental death insurance and dismemberment and sometimes life insurance. Can you develop statistics to demonstrate to this subcommittee the extent to which public safety officers pay more for the kinds of insurance provided by this proposed legislation?

Mr. MINCK. I would be happy to put together some figures. It has been 4 or 5 years since I last looked at it, the situation has probably changed very little in the interim.

Basically there was very, very little additional risk for the basic life insurance coverage. Most companies issued individual life insurance policies at standard rates. For accidental death and dismemberment coverage the risk was very close to double the normal risk, but this coverage has quite a small premium as compared with life insurance.

Mr. EILBERG. Would you give me an example of that? Would it raise the premium from \$50 to \$100?

Mr. MINCK. Yes. If you had, say, \$1,000 of insurance coverage, again suppose it were term life insurance, you might be paying \$9 a year premium as a standard risk. Instead of paying, say, 75 cents a year for the accidental death coverage, you may be paying \$1.50. The point is simply this, if you have a hundred deaths of all kinds during the year and you have two extra deaths, it does not make much of an impact on your life insurance cost (2 percent). But if you normally have two accidental deaths, two extra accidental deaths result in a 100-percent increase in cost of that coverage.

Mr. EILBERG. Will you look into the current statistics and send them into the subcommittee?

Mr. MINCK. Yes, sir.

The cost of group insurance, of course, will depend on the experience of the group. The figures I gave you before are for individual life insurance policies for people with specific occupations. There are many types of employees involved in most municipal employee benefit plans, not just policemen and firefighters, so those statistics are not quite as easy to obtain.

[Mr. Minck submitted the following information after the hearing.]

The member companies that we contacted report that they sell life insurance coverage to city firemen and policemen at standard rates. Some companies reported selling accidental death benefits to firemen and some policemen at standard rates. However, it was more common to charge an additional premium ranging from 50% to 100% for firemen, motorcycle policemen and detectives. Some companies reported charging an additional premium for such coverage for all policemen. Again, it should be emphasized that the premium for insurance against accidental death is much smaller than the premium for life insurance.

None of the companies that we contacted which write group insurance made any provision for additional premiums for group life insurance covering policemen or firemen. Of course, the premium charged on a group life insurance policy after the first year reflects the emerging experience of the case. Therefore, if there were extra mortality, it would be reflected to some extent in premium rates eventually paid.

Mr. EILBERG. What would be the effect of providing for no financial contribution by the Federal Government to premium payments in this program, and what would be the effect of a greater Federal contribution than one-third?

Mr. MINCK. Our experience has been that where the employer makes no contribution, the success of the plan is much less likely. Employees do not participate adequately, and often those cases will prove unsuccessful. In the private market it is quite common to have heavy employer participation in the costs, for a number of reasons: First, an employer establishes a fringe benefit program for the benefits he gets out of it, as well as for the benefits his employees get from it.

Second, if you look at the tax situation, in either case the employer gets to deduct either wages or premiums he pays for fringe benefits. The employee is taxed on wages but not on fringe benefits, unless the group life insurance exceeds \$50,000, so for the same amount of money the employer gets more effective use of it by putting some of it in contributions rather than all of it in wages.

If the employer is the Government, you do not have the employer deduction but you still have the same effect, that is, for the same total amount of money in wages or contributions to employee benefit plans, the employee is better off if the employer contribution is substantial.

Mr. EILBERG. Suppose the Federal contribution is more than one-third; how would you respond to that?

Mr. MINCK. I think the higher the percentage of contribution by the employer the more likely the plan is to be successful.

Mr. EILBERG. Are there any aspects of the plan in the bill which you consider not feasible from an actuarial standpoint?

Mr. MINCK. Not that I have seen, sir.

Mr. EILBERG. What division of administrative responsibility between the employer, the Federal Government and the life insurance companies would be most economical?

Mr. MINCK. At one extreme you might have the life insurance companies keeping all of the records and billing each municipality individually. I think that would be the least efficient and the most expensive.

If you have an existing mechanism whereby the municipalities could take advantage of Federal recordkeeping, the more you make use of that mechanism the more efficient the program would operate and the less costly it would be.

Mr. EILBERG. That would follow from the fact the insurance companies would have less work to do on these policies?

Mr. MINCK. Yes, that is right, and you could piggyback it on some other existing mechanism.

Mr. EILBERG. Do you know how much more public safety officers pay for accidental death coverage?

Mr. MINCK. As I say, it basically would be an extra 50 to 100 percent. But again, on a relatively small premium.

Mr. EILBERG. Do you know what, if any, increased cost there would be for a public safety officer for life insurance and dismemberment insurance?

Mr. MINCK. Usually the dismemberment is part of the accidental death benefit. It is written as one coverage.

Mr. EILBERG. You said the increase on that would be 50 percent.

Mr. MINCK. It would vary from company to company. Five years ago I think the companies I contacted ranged from 50 to slightly over 100 percent, but again on a small premium.

Mr. EILBERG. Mr. Hall.

Mr. HALL. I have no questions.

Mr. EILBERG. Mr. Minck, how does the life insurance benefit in this proposal which pays an amount equal to the officer's salary plus \$2,000 compare with other group and nongroup plans?

Mr. MINCK. Private employers tend to provide slightly higher benefits than that currently. I would say that the average benefit would be closer to two times annual salary rather than one time. But it will vary from industry to industry.

Mr. EILBERG. Mr. Hall.

Mr. HALL. I notice on the last page of your testimony dealing with section 803 (d) of H.R. 6845, which reads:

(d) Any policy purchased under this subpart may provide for adjustments to prevent duplication of payments under any program of Federal gratuities for killed or injured public safety officers.

It was my understanding that this payment would be in addition to any sums that may be paid for under any other Federal program that is now in existence. It that not a correct statement?

Mr. MINCK. It may be. When I read the section of the bill I thought it meant that you would reduce the group life insurance benefit to reflect any other gratuity or payments under any other Federal program. I thought that was what was meant by providing for adjustments. If in fact you are paying one in addition to the other, then I see no need for the section at all.

Mr. HALL. Mr. Chairman, what is our intention there? Will this amount be subrogated, using that term very broadly, to any sums previously paid under any other Federal program?

Mr. EILBERG. The legislation, Mr. Hall, would grant discretionary authority to LEAA to purchase a policy which would limit the life insurance benefit if the beneficiary is being compensated by an existing Federal program. Frankly, before we could move on the bill, I believe we would have to examine that provision quite carefully.

Mr. HALL. I see a conflict from the last page of your testimony that I had not seen before and had not considered as being a part of this bill. It certainly would need some additional discussion.

That is all I have.

Mr. EILBERG. Mr. Minck, can you provide the committee with statistics on the number of public safety officers who are now covered by group insurance plans and a description of those plans?

Mr. MINCK. Mr. Chairman, I can certainly try to do that. One problem I had indicated earlier, in many cases what you will have is a city covering all of its employees and the statistics the insurance company would have would simply be the number of employees. It would not be divided into which are public safety officers and which are others. I think it might be very difficult to get those numbers out but I will certainly try. What I will do is contact the major group companies and see what they can provide us.

Mr. EILBERG. We would be most grateful for that.

[Mr. Minck submitted the following information:]

We contacted several companies writing group life insurance with this question. Unfortunately, none of the companies were able to answer the question. The problem is that group life insurance policies covering employees of a state or municipal government commonly cover all such employees. Therefore, there is no separate identification of how many of the covered employees are, in fact, policemen or firemen or correction officers. Therefore, we believe the only reliable sources of information on this subject are the governments involved or organizations of policemen, firemen or correction officers.

Mr. EILBERG. The Senate Judiciary Committee report on S. 262 has estimated that the total annual cost to the Federal Government for the first 3 years of this program will be a maximum of \$28 million per year. Can you provide us with your own independent cost analysis of this legislation, and also, how the costs would be calculated? Would you work at that for us?

Mr. MINCK. I would be happy to try. But, of course, a figure like that is subject to great uncertainty in that you do not know in advance how many people actually would be participating in it. I can give you a figure per head, and that would give you a range depending on how many people in fact did elect to participate in the program.

[Mr. Minck submitted the following after the hearing:]

AMERICAN COUNCIL OF LIFE INSURANCE,  
Washington, D.C., September 11, 1978.

Congressman JOSHUA EILBERG,  
Chairman, Subcommittee on Immigration, Citizenship, and International Law,  
U.S. House of Representatives, Washington, D.C.

DEAR CONGRESSMAN EILBERG: After your hearings of the Subcommittee on Immigration, Citizenship, and International Law on H.R. 6845 (Group Insurance for Public Safety Officers), you asked me for an estimate of the potential costs of the legislation. The actual costs are dependent on how many state and municipal governments take advantage of the opportunity for Federal subsidy of group life insurance covering their employees. It, therefore, is difficult to give a reliable estimate of the costs—either in the initial years of such a program or in later years when more governments may be able to take advantage of the program.

Keeping these warnings in mind, I would estimate the cost of the bill to the Federal government to be somewhere between 25 million dollars and 50 million dollars per year.

The cost of providing coverage for an individual policeman, fireman or corrections officer should be somewhere between \$150 and \$200 per year. The Federal share of that would be somewhere between \$50 and \$65 per year. According to the statistical abstract projected by the Department of Commerce there are approximately 1.2 million people working in police departments, fire departments or correctional institutions in the United States. An assumption that participation in the plan of somewhere between 50 percent and 75 percent of those eligible would be achieved in early years leads to the range of figures shown in my estimate. There would, in addition, be some administrative costs assumed by the Federal government. However, such costs might not be identifiable. This would be particularly true if the administration of such a plan could be incorporated with other activities involving the Federal government with local authorities.

Please let me know if any other information in this area would be helpful.

Sincerely,

RICHARD V. MINCK,  
Vice President and Chief Actuary.

Mr. EILBERG. Mr. Minck, we want to thank you very much. You have been most cooperative and you are a valuable aid to the subcommittee. I am hopeful that you will be able to develop the information we have requested.

Mr. MINCK. Mr. Chairman, I will be happy to try.

Mr. EILBERG. We have last but not least, representing the John Hancock Mutual Life Insurance Co., Mr. Paul H. Gregg, vice president for group insurance sales.

Mr. Gregg.

**TESTIMONY OF PAUL H. GREGG, VICE PRESIDENT FOR GROUP INSURANCE SALES, JOHN HANCOCK MUTUAL LIFE INSURANCE CO.**

Mr. GREGG. Mr. Chairman, I greatly appreciate this opportunity to testify, and I would respectfully request that my full statement be made a part of the record.

Mr. EILBERG. Without objection, it will be made a part of the record.  
[The information follows:]

PREPARED STATEMENT OF PAUL H. GREGG, VICE PRESIDENT, JOHN HANCOCK  
MUTUAL LIFE INSURANCE CO.

Mr. Chairman and members of the subcommittee, I wish to express my appreciation, Mr. Chairman, for this opportunity to testify again on this subject. I would respectfully request that my full statement be made part of the record. John Hancock is one of the major companies in the insurance industry with life insurance in force in excess of \$100 billion and a leading writer of Group Life

insurance. I am appearing to testify in support of H.R. 6845 and comment on some of the technical features of the bill from an insurance underwriting standpoint and requirements of existing state insurance statutes and other local government laws. It has been the privilege of John Hancock to provide Group Life insurance protection for many state, county and municipal police and firefighter benevolent associations where the benevolent association is a Group policyholder and where the entire cost of the insurance protection must be borne by the officers themselves through increased membership dues.

We endorse a Group Life insurance and Group Accidental Death and Dismemberment insurance program for state and local government public safety officers whereunder the insurance protection costs would be federally shared and the insurance would be carried by private insurance companies with benefit payments being made by these companies.

Public safety officers must be compensated and careers for public safety officers must be enhanced and made more rewarding so as to attract and retain qualified personnel. The relatively low income levels of public safety officers limit the amount of insurance they can afford.

It is very much in the public interest to provide public safety officers with low cost Group insurance benefits at a level similar to those provided to other citizens in the communities where they live and work. These dedicated public servants deserve not only up-to-date training and equipment but also up-to-date employee fringe benefits.

The mass purchasing power of the Federal Government and the Federal subsidy proposed under H.R. 6845 will bring the cost of Group Life insurance and Group Accidental Death and Dismemberment insurance protection within the means of public safety officers throughout the nation.

In our opinion, H.R. 6845 could be turned into a viable and workable program providing proper provisions can be established with respect to (a) minimum enrollment criteria, and (b) requirements of existing State insurance statutes and other local government laws.

Let me now comment on several technical aspects of the bill. Section 803(d) states, "Any policy purchased under this sub-part may provide for adjustments to prevent duplication of benefits under any program of Federal gratuities for killed or injured public safety officers." Section 803(c) relates to Group Accidental Death and Dismemberment insurance and Section 803(e) goes on to talk about Group Life insurance. Partially because of the positioning of 803(d), I find it unclear as to whether the non-duplication concept described in Section 803(d) refers just to the Group Accidental Death and Dismemberment insurance or both Group Life insurance and Group Accidental Death and Dismemberment insurance.

Group Accidental Death and Dismemberment policies often contain limitations to the effect that benefits will not be payable for such losses as suicide or war or any act of war. Therefore, it could be appropriate to include a further limitation for loss as a direct and proximate result of personal injury sustained in the line of duty. This would lessen the duplication of payments under any program of Federal gratuities for killed public safety officers.

Group Life insurance policies issued by insurance companies in this country, on the other hand, contain no limitation with respect to cause of death. To include a limitation to recognize the Federal gratuities provided under Public Law 94-430 would unduly restrict the scope of Group Life insurance coverage for public safety officers.

I respectfully submit two suggested changes in the Act for your consideration with respect to minimum enrollment criteria:

1. Add the following wording at the end of the first sentence of Section 803(a) "and (3) provided 75 percent of all eligible public safety officers of such State or unit of local government are insured under the policy."

2. Under "Miscellaneous" replace Section 6 with the following wording: "No insurance shall become effective until at least 75,000 public safety officers of one or more participating States or units of local government are enrolled for insurance under this Act. Subject to this requirement, the insurance provided for under this Act shall be placed in effect for the public safety officers of any State or unit of local government participating in the public safety officers' Group Life Insurance program on a date mutually agreeable to the Administration, the insurer or insurers and the participating State or unit of local government."

By way of explanation, let me comment that the actuarial soundness of the plan can only be achieved by securing a cross section of those eligible which

matches the assumptions made in determining the rate of premiums to be charged; also, the plan should be so designed as to eliminate as much anti-selection under the plan as possible.

Most State insurance laws mandate a 75% enrollment requirement. Sound underwriting principles dictate the applicability of the 75% criteria to each unit of local government. The minimum requirement of 75,000 lives ensures the participation of at least some larger State or units of local government and thereby reduces possible anti-selection and minimizes administrative costs per unit of local government.

Next is the matter of requirements of existing State insurance statutes and other local government laws. Because the Act establishes obligations for the insurance company which contravene the requirements of some applicable State insurance laws, consideration should be given to a specific provision in the Act stating that to the extent the insurance provided under the Act conflicts with the insurance laws of any State, such insurance laws shall not be applicable to any insurance company insuring or reinsuring any such insurance policy or granting conversions under such Act. I have specifically identified the applicable State insurance laws in the Appendix of my full written statement which is submitted for inclusion in the record.

Similar consideration should be given to a specific provision in the Act with respect to local government laws which may prohibit the withholding from salary of premium contributions for public safety officers who have not affirmatively authorized such withholdings as required by applicable local law.

Again, thank you for the opportunity of appearing before you; I will be pleased to attempt to answer any questions you may have.

#### APPENDIX

##### REQUIREMENTS OF EXISTING STATE INSURANCE STATUTES AND OTHER LOCAL GOVERNMENT LAWS

Section 803 contemplates that all full-time public safety officers of a given local government unit who desire to participate in the plan will be automatically insured unless the officer elects in writing not to be insured. This raises the question whether the local government laws will permit the deduction from salary from an officer who neither elects in, nor elects out of, the Group plan.

Section 806 provides that where the required premium contribution is not withheld from the officer's wages, the amount of the required contribution will be deducted from policy proceeds. This would appear to contravene several State insurance laws.

Section 809 provides for the payment of proceeds to the beneficiary designated, and in the absence of a designation, for the payment to certain classes of close relatives. The Section also provides that if claim is not made within two years of death the amount payable shall escheat to the credit of the revolving fund.

These provisions contravene the required Group Life Policy Standard Provisions Law, including that of the District of Columbia, which require payment to the beneficiary designated.

Section 810 requires the policy stipulate "the maximum expense and risk charges for the first policy year, which charges shall have been determined by the Administration on the basis consistent with the general level of such charges made by life insurance companies under policies of Group Life Insurance issued to large employers."

This section requires such maximums be continued from year to year except that the Administration may redetermine them by agreement with the insurer or insurers. This raises the question whether the Act requires a guarantee of expenses and risk charges which is prohibited by insurance laws.

Section 812 raises the question as to whether or not the referendum referred to is binding on a local government according to the requirements and permissions of local law.

**Mr. GREGG.** My employer is one of the major companies in the insurance industry, and a leading writer of group life insurance, with life insurance in force in excess of \$100 billion. I am appearing to testify in support of H.R. 6845 and comment on some of the technical features of the bill from an insurance underwriting standpoint and the requirements of existing State insurance statutes and other local government laws.

It has been the privilege of John Hancock to provide group life insurance protection for many State, county, and municipal police and firefighting benevolent associations where the benevolent association is a group insurance policyholder and where the entire cost of the insurance must be borne by the officers themselves through increased membership dues.

I would say parenthetically, because this has been a subject in earlier testimony, that under these police benevolent and firefighter benevolent association plans my particular company does provide group insurance protection at standard or unloaded premium rates.

We do endorse group life insurance as well as group accidental death and dismemberment insurance for State and local government public safety officers where the insurance protection cost would be federally shared and where the program would be administered by the Federal Government with the insurance itself carried and the benefits paid by private insurance companies.

Public safety officers must be compensated and careers for public safety officers must be enhanced and made more rewarding so as to attract and retain qualified personnel. I think that might well be the key issue. The relatively low income of public safety officers limits the amount of insurance they can afford. We believe it is very much in the public interest to provide public safety officers with low-cost group life insurance benefits at a level similar to those provided to other citizens in the communities where they live and work.

These are dedicated public servants who deserve not only up-to-date training and equipment but also up-to-date employee fringe benefits. The mass purchasing power of the Federal Government and the Federal subsidy proposed under H.R. 6845 will bring the cost of group life insurance and group accidental death and dismemberment insurance within the means of public safety officers throughout the Nation.

In our opinion, H.R. 6845 could be turned into a viable and workable program providing proper provisions can be established with respect to, first, minimum enrollment requirements and, second, requirements of existing State insurance statutes and other local governmental laws.

I have one question and several recommendations. The question relates to the section that has also been discussed by several people today which is the nonduplication provision in section 803. As you know, it reads:

Any policy purchased under this subpart may provide for adjustments to prevent duplication of payments under any program of Federal gratuities for killed or injured public safety officers.

This particular section, which is part (d) of the 803, follows the section on group accidental death and dismemberment. It is unclear to me as to whether 803(d) refers to just the accidental death and dismemberment insurance or to the group life insurance as well. I would say as a matter of precedence, we in the insurance industry would typically provide group life insurance policy proceeds for death from any cause without any such caveat, and I would recommend just in terms of employee understanding that the group life insurance not contain a nonduplication provision.

It would be more practical to include a nonduplication provision under the accidental death and dismemberment coverage. Maybe to

enlarge on that a little, if you have a public safety officer insured with an income of say \$22,000, his life insurance would be \$25,000 and his accidental death coverage also would be \$25,000. I would recommend that the group life insurance benefit of \$25,000 be paid regardless of any Federal gratuity, but you could have a nonduplication provision with respect to the accidental death and dismemberment benefit.

Mr. EILBERG. Are you arguing against paying both the present benefit for line of duty deaths and the life insurance benefit?

Mr. GREGG. I am arguing against issuing a policy where an employee has in his possession a statement that he is covered for group life insurance for \$25,000 and then when it comes time to submit a claim his beneficiary is told that coverage is not provided under the policy. This would not be typical of any group life insurance policy that we now provide to people in this country.

My recommendations are ones that I have made in previous testimony. With respect to minimum enrollment criteria, add the following wording at the end of the first sentence in section 803(a) "and (3) provided 75 percent of all eligible public safety officers of such State or unit of local government are insured under the policy."

It would be my recommendation that the 75-percent requirement apply to each unit of local government. Otherwise you could have a situation where, say, the city of Los Angeles with maybe a 30-percent participation would be subsidized by other cities having a high level of participation. Chicago with its low participation would be insuring primarily substandard risks and this would adversely affect the future costs of the whole program.

I also suggest that section 6 be replaced in its entirety and have some wording to the effect that no insurance coverage shall become effective until at least 75,000 public safety officers of one or more participating States or units of local government are enrolled for insurance under this act. Subject to this requirement, the insurance provided under this act shall be placed in effect for public safety officers of any State or unit of local government participating in the program on the date mutually agreeable to the administration, the insurer or insurers and the participating State or units of local government.

By way of explanation, and Mr. Minck has already referred to this, I believe it is an accepted concept that the actuarial soundness of the plan can only be achieved by securing a cross section of those eligible, which matches the assumptions made in determining the rate of premiums to be charged.

Also the plan should be so designed as to eliminate as much anti-selection under the plan as possible. Most State insurance laws as well as sound group insurance underwriting practice dictate the 75-percent requirement. The minimum requirement of 75,000 lives insures the participation of at least some of the larger States and units of local government, and thereby reduces possible antiselection and minimizes administrative costs per unit of local government.

The 75,000 lives requirement would be roughly 10 percent of the total eligible group. I think if you do not have at least 10-percent participation of the total eligible group you cannot have an actuarially sound or viable group policy.

Next, is a matter of the requirements of existing insurance statutes and other local government laws. Because the act establishes obliga-

tions for the insurance company which contravene the requirements of some applicable State insurance laws, consideration should be given to a special provision in the act stating that to the extent the insurance provided under the act conflicts with the insurance laws of any State, such insurance laws shall not be applicable to any insurance company insuring or reinsuring any such insurance policy or granting conversions under such act.

I have specifically identified the applicable insurance laws in my full written statement which is submitted for inclusion in the record.

Finally, consideration should be given to a specific provision in the act with respect to local government laws which may prohibit the withholding from salary of premium contributions for public safety officers who have not affirmatively authorized such withholding as required by the applicable law.

The act does not require that they specifically make application. It merely provides that you can opt out if you elect not to be insured.

That, Mr. Chairman, is my statement. I appreciate the opportunity to testify.

Mr. EILBERG. Going back in your testimony, are you saying there is little, if any, need for the Federal Government to assist public safety officers in obtaining normal life insurance, and instead they do need help with regard to obtaining help with regard to accidental death and dismemberment coverage?

Mr. GREGG. No. My position is they do need the Federal subsidy so they can afford an adequate level of group life insurance coverage.

Mr. EILBERG. I am sorry, would you repeat that.

Mr. GREGG. The main issue is that public safety officers throughout the country do not have an adequate level of life insurance protection and their incomes generally do not permit them to purchase group life insurance in the amounts that they need. The proposed act would afford them this opportunity, I believe.

My other statement is that generally, there is not an insurance loading or an additional cost for public safety officers.

Mr. EILBERG. What do you mean by that?

Mr. GREGG. In other words, we will issue group life insurance death benefits to law enforcement officers and firemen, as we now do under their benevolent association plans at standard cost. We do not add to the standard premium.

Mr. EILBERG. Would you comment on that provision of the bill which provides that the Federal Government will contribute not more than one-third of the premium cost. How would you analyse the effect of that language?

Mr. GREGG. Mr. Chairman, I guess I am not quite sure of the intent of your question. I think the Federal contribution does bring the cost of group insurance within the means of public safety officers.

Mr. EILBERG. The language that appears says the Federal Government shall contribute not more than one-third. The language indicates that the contribution could be less than one-third. What is your opinion of that flexibility?

Mr. GREGG. I am unable to comment, not being the author of that particular wording, Mr. Chairman.

Mr. EILBERG. I wonder if you would at your leisure examine the bill and perhaps assist us in reviewing that point?

Mr. GREGG. I will indeed.

Mr. EILBERG. One other point which has not been mentioned before. The bills would grant authority to LEAA to purchase one or more policies from companies meeting certain requirements. In your opinion, how would or how could the private insurance company or companies be selected to provide the coverage provided by these bills?

Mr. GREGG. I think on the basis of quality of their administration and a cost consistent with the quality of service and administration.

Mr. EILBERG. How would the LEAA select, the seller or sellers from among the companies meeting the requirements of the bill? Would there be a public bidding system? Just how would that operate?

Mr. GREGG. I do not have the background on what happened under the FEGLI and SEGLI plans. Under those programs a large number of insurance companies participated in the program, and that is contemplated in this bill. I think that the selection process would probably come down to a company deemed to be in a position to provide the best service and the best administrative facilities.

Mr. EILBERG. Can you provide us any assistance with the history of those plans you just mentioned?

Mr. GREGG. Yes, sir.

Mr. EILBERG. Just going back to my previous question, staff has found on page 11—do you have a copy of H.R. 6845?

Mr. GREGG. Yes, I do.

Mr. EILBERG. Section 807 states:

For each month any public safety officer is insured under this subpart, the administration shall bear not more than one-third of the cost of insurance for such officer, or such lesser amount as may from time to time be determined by the Administration to be a practicable and equitable obligation of the United States in assisting the States and units of general local government in recruiting and retaining their public safety officers.

We are asking your opinion as to what is the meaning of not more than one-third or such lesser amount.

Mr. GREGG. I will look into that. I would have to speak to the author of the bill to understand it more fully.

Mr. EILBERG. Mr. Hall, do you have any questions?

Mr. HALL. I have no questions.

Mr. EILBERG. May I direct your attention to page 4, line 3 through line 10. How many companies would be included under the definition on page 4 of the bill with regard to eligible life insurance companies?

Mr. GREGG. My recollection is there are 10. Mr. Minck might be able to confirm or deny that, but my last research into that matter indicated there were 10 such companies.

Mr. EILBERG. Mr. Minck, do you have any idea how many companies might be eligible?

Mr. MINCK. Again, the last time I looked at the number it was very close to 10. It might have been 12. But that is the order of magnitude. I can check that out.

Mr. EILBERG. Mr. Minck or Mr. Gregg, would you give us a list of those companies for the record?

Mr. MINCK, can you do that?

Mr. MINCK. Yes, I would be glad to do so.

[Mr. Minck submitted the following information after the hearing.]

Currently, ten life insurance companies are licensed in all 50 States and have at least 1% of the group life insurance in force in the United States. Those ten companies are shown in the attached list.

**COMPANIES LICENSED IN 50 STATES WITH AT LEAST 1 PERCENT OF GROUP LIFE INSURANCE IN-FORCE IN THE UNITED STATES**

Aetna Life & Casualty, Hartford, Conn.  
 Bankers Life Co., Des Moines, Iowa.  
 Connecticut General Life Insurance Co., Hartford, Conn.  
 The Equitable Life Assurance Society of the United States, New York, N.Y.  
 John Hancock Mutual Life Insurance Co., Boston, Mass.  
 Metropolitan Life Insurance Co., New York, N.Y.  
 The Mutual Benefit Life Insurance Co., Newark, N.J.  
 New York Life Insurance Co., New York, N.Y.  
 The Prudential Insurance Company of America, Newark, N.J.  
 The Travelers Insurance Co., Hartford, Conn.

Mr. EILBERG. Unless there are any other questions.

The subcommittee hearing is adjourned. We thank you very much.  
 [Whereupon, at 11:30 a.m., the subcommittee adjourned.]

