



**HB 1380 – “Dead Peasants Insurance” May Be Resurrected!  
YOUR QUICK ACTION NEEDED – NOW!!**

GSRA leadership has learned that legislators are attempting to attach provisions of HB 1380 to another legislative bill as the 2010 General Assembly session begins to wind down. **THE LAST TWO DAYS of the 2010 session will occur NEXT WEEK.** Any bill recently passed by the Senate (example: HB 305 as amended, an insurance bill just passed by the Senate on April 21) could become the vehicle for provisions of HB 1380, which had been previously declared ‘dead’ for this session. Here’s why: If the House objects to any such Senate-passed bill, a Conference Committee could easily add provisions of HB 1380 back to it before returning it to the House for final vote. Remember, the provisions of this life insurance bill are essentially:

- The State, pension trustees, or political subdivision (e.g. local school system) would be given an ‘insurable interest’ in your life and could purchase *life insurance on you*;
- **The Premiums would be paid out of your pension trust fund;**
- Presumably the entity purchasing the life insurance policy (i.e., the state) would designate the beneficiaries—not you—the employee/retiree.
- The bill requires the pension fund to pay the premiums and then at your death the pension fund recoups the premiums plus interest. Designation of the beneficiary is unclear at this time. Discussions among legislators and lobbyists have indicated only that some of the proceeds would go to beneficiaries of the employee/retiree, and that some of the proceeds would go to the pension fund;
- **The bill is silent as to any effect it might have on our current life insurance coverage. Proposed language in the bill contains no assurances that this new policy would not replace our current group term life insurance coverage;**
- Historically, various attorneys’ opinions regarding benefits awarded to employees/retirees have held that any benefit awarded after retirement (that is, not already included in the retirees’ pre-retirement employment contract) is prohibited by the State’s constitution and cannot be provided without a constitutional amendment;
- All bills affecting pension funds must by law go through what is called a “fiscal note” process to determine any financial impact of the bill on the State, and must be introduced in the first year of the two-year legislative cycle. This year (2010) is NOT the first year of a two-year cycle. This bill was not introduced in 2009, the first year of the current cycle. The fiscal impact of this bill is therefore unknown.

Proponents of the bill have told GSRA that “everyone” wins: (a) the State—as beneficiary—recovers monies to help pay for benefits; (b) the employee/retiree wins—given that “some” (but how much?) of the proceeds might go to the employee’s designated beneficiary; (c) and the insurance company wins—by reaping hefty earnings on the invested premiums.

What’s wrong with this picture? All parties involved cannot win—somebody has to pay.

**Who Pays?** Either the pension fund pays or the State pays by having to borrow money.

**What if the Pension Fund Pays?** The State (about 8-10 years ago) reduced its contribution to the Employees Retirement System by almost 1/3. As a result of this cut and subsequent investment losses, the market value of the ERS pension fund had dropped to \$11.8 billion by March 31, 2010. While the pension fund has recovered

from the June 2009 low of \$10.6 billion, it now stands at **\$1.3 billion less** than only two years ago, in June 2008. If the pension fund has to pay the premiums, HOW MUCH will it cost the pension fund? HOW MUCH will the pension fund lose in investment income from the funds no longer available for investment because it was used to pay these premiums? Premiums for this sort of insurance are some of the most expensive premiums known. Why this further drain on our already-underfunded pension fund?

**What if the State Pays?** Will the State borrow money to pay the premiums? We hear every day about the economic woes facing our state. No salary increases are awarded, an estimated 4,500 employees will lose their jobs in FY 2010-2011 in addition to several thousand already laid off in FY 2009. And even more furloughs of active state employees and teachers may be required for next fiscal year. There are no more reserves in State government or other trust funds, such as the State Health Benefit Plan for which benefits have been reduced, premiums increased, and forced enrollment in a Medicare Advantage Plan. Where are the funds for this very expensive life insurance proposal?

### **What you need to do:**

There are 2 more legislative days (Tuesday and Thursday of next week), but a week is plenty of time for the bill's proponents to attach the provisions of the earlier bill (HB 1380) to any other bill such as HB 305. If you are concerned about the State collecting insurance benefits when you die, an immediate email and a telephone call to your own State Representative and State Senator would be in order to ask that they do everything they can to prevent any provisions of the old HB 1380 from being added to HB 305 or any other bill under consideration. You can find your representative by visiting [www.legis.state.ga.us](http://www.legis.state.ga.us) and then clicking on "Find your Legislator" at the bottom of the page. Or visit [www.mygsra.com](http://www.mygsra.com) home page and go to the "Legislation" tab. From the dropdown menu, click on "contacting legislators." Please take care to follow the GSRA guidelines for communicating with your elected officials. In addition, you are urged to contact each member of the House Retirement and House Insurance Committees and at least the officers of the House Appropriation Committee, since the full Appropriations Committee is so large. The officers are listed below.

Chairman:	Rep. Ben Harbin	404 463-2247	<a href="mailto:ben.harbin@house.ga.gov">ben.harbin@house.ga.gov</a>
Vice Chairmen:	Rep. Mickey Channell	404 656-7856	No email
	Rep. Earl Ehrhart	404 463-2247	<a href="mailto:earl@ehrhart.4emm.com">earl@ehrhart.4emm.com</a>
	Rep. Terry England	404 463-2247	<a href="mailto:englandhomeport2@windstream.net">englandhomeport2@windstream.net</a>
	Rep. Calvin Hill	404 656-0129	<a href="mailto:chill@gilainc.com">chill@gilainc.com</a>
	Rep. Penny Houston	404 463-2247	No email
	Rep. Chuck Martin	404 463-2247	<a href="mailto:chuck@martinforgeorgia.com">chuck@martinforgeorgia.com</a>
	Rep. Butch Parrish	404 463-2247	<a href="mailto:butch.parrish@house.ga.gov">butch.parrish@house.ga.gov</a>
	Rep. Carl Rogers	404 463-2247	<a href="mailto:carl.rogers@house.ga.gov">carl.rogers@house.ga.gov</a>

Please visit [www.legis.state.ga.us](http://www.legis.state.ga.us) and follow the links to Committees on the home page to obtain the names and contact information for each of the Committee members—Insurance, Retirement, and Appropriations. A postcard or letter can be addressed to each Committee member at:

\_\_\_\_\_ committee name  
 245 State Capitol  
 Atlanta, GA 30334  
 Main Telephone: 404 463-2247

**IMMEDIATE ACTION IS NEEDED NOW – MAKE YOUR VOICE  
 HEARD ON THIS CRITICALLY IMPORTANT ISSUE!**