

DEPARTMENT OF ADMINISTRATION
Bureau of Human Resources

November 2, 1990

HUMAN RESOURCES MEMORANDUM 21-90

TO: Directors, Administrative Services, Personnel Officers,
Payroll Personnel

SUBJECT: Life Insurance Processing

Effective November 19, 1990, the following changes to life insurance processing will be required. These changes are being made to ensure that proper audits are conducted and that records are properly maintained for authorized life insurance coverage.

GENERAL PROVISIONS

In most cases insurance forms will no longer be sent directly from the employing agency to the Retirement System. Paperwork will be sent to Accounts and Control. Accounts and Control will audit electronic records and documentation prior to sending forms to Retirement. An exception to this rule is for actions that require prior approval by the Retirement System.

It is important that these new procedures be followed. Paperwork sent directly to the Retirement System from the employing agency will be returned for proper processing.

The following sections of this memorandum outline procedures which must be followed for various insurance transactions. Agencies without on-line access to MFASIS will send all completed forms to Accounts and Control Payroll for entry into the system.

Questions concerning the processing requirements contained in this Memorandum should be addressed to Accounts and Control, Payroll Division, telephone: 626-8452.

NEW HIRES

Setting Up Benefits

1. Employee completes insurance forms.
2. Agency enters life insurance data into MFASIS.
3. Agency payroll sends completed forms to Accounts and Control and agency files one copy.
4. Accounts and Control audits against MFASIS records, files one copy.
5. Accounts and Control sends paperwork to Retirement.

Setting Up Ineligible or Declined Coverage

1. **Ineligible.** Set status to 993 on HBQ3Ø. Accounts and Control audits via change listing to verify ineligible status.
2. **Declined Coverage.** Set status to 996 on HBQ3Ø. Agency sends paperwork to Accounts and Control and files one copy. Accounts and Control audits against MFASIS records and sends paperwork to Retirement, filing one copy.

CHANGES IN STATUS AND/OR COVERAGE**Changes from Ineligible to Eligible Status**

Each employee must be given the opportunity to acquire life insurance coverage when they become eligible. Follow the same procedures for new hire, using the appropriate form.

Leaves of Absence

When an employee begins a leave of absence, the employee may elect to continue full insurance coverage while on leave. If the employee elects to continue insurance while on leave, full insurance is continued upon return. If the employee does not elect to continue coverage, the employee is only entitled to basic coverage upon return, unless evidence of insurability is provided to the Retirement System.

When an employee begins a leave of absence, the employee is notified by the Retirement System of their rights to continue coverage.

NOTE: A new form is being developed which agencies will use to directly notify providers of life, health and dental insurances of an employee's desire to continue or convert coverage upon termination or beginning leaves of absence. This is required to ensure that employees are given the option to continue or convert coverage within legal deadlines. You will receive instructions about this new form and its use in the near future.

If coverage is not continued, the Retirement System will notify Accounts and Control that the employee's coverage has been cancelled. Accounts and Control will amend the employee's records to cancel any dependent and supplemental life coverage and premiums. When an employee returns from leave, the employing agency reactivates the employee on payroll. The insurance records will have already been changed to continue basic coverage only.

If coverage is continued while on leave, the record will not be changed by Accounts and Control, and reactivation of the payroll will automatically continue all benefits.

If coverage is cancelled and the employee wishes to request reinstatement, follow the procedures for "changes that require prior approval from Retirement", as listed below.

Other Changes that Require Prior Approval from Retirement

1. Employee completes required paperwork including evidence of insurability form.
2. Agency payroll sends form(s) to Retirement.
3. Retirement approves the coverage and sends the approved form to Accounts and Control.
4. Accounts and Control enters the information and causes calculation and sends a copy of the form to the agency to file.



DONALD A. WILLIS
Acting Director
BUREAU OF HUMAN RESOURCES