



THE UNITED STATES VIRGIN ISLANDS

OFFICE OF THE GOVERNOR
GOVERNMENT HOUSE

Charlotte Amalie, V.I. 00802
340-774-0001

September 29, 2016

OFFICE OF THE
SENATE PRESIDENT
16 SEP 30 PM 12:33
SENATOR
NEVILLE A. JAMES

VIA HAND DELIVERY

Hon. Neville James
Senate President
31st Legislature of the Virgin Islands
Legislature of the Virgin Islands
Capitol Building
St. Thomas, V.I. 00802

Re: Contract for Vision and Life Insurance between the Government of the Virgin Islands Standard and ALIC Insurance Companies

Dear Mr. President:

Enclosed for the Thirty-First Legislature's ratification is the Agreement for Group Life and Accidental Death and Dismemberment Insurance between the Government of the Virgin Islands, through the Health Insurance Board of Trustees, (the "Government") the Virgin Islands Port Authority (the "Authority"), the University of the Virgin Islands ("UVI"), the St. Thomas East End Medical Center ("East End Medical"), and Frederiksted Health Care, Inc. ("FHC") (the Government, the Authority, UVI, East End Medical, and FHC hereinafter collectively referred to as the "Employer") and ALIC Life Insurance Company (hereinafter "ALIC").

Please note that I received this agreement for my review and submittal to the Legislature on September 29, 2016. This agreement is scheduled to begin October 1, 2016, and I urge the Legislature to act swiftly in ratifying this agreement.

Sincerely,

A handwritten signature in blue ink, appearing to read "K. Mapp".

Kenneth E. Mapp
Governor
Enclosures

**SIDE LETTER AGREEMENT FOR GROUP LIFE AND
ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE**

THIS SIDE LETTER AGREEMENT ("Agreement") made and entered into this _____ day of September, 2016 by and between the Government of the Virgin Islands, through the Health Insurance Board of Trustees, (the "Government") the Virgin Islands Port Authority (the "Authority"), the University of the Virgin Islands ("UVI"), the St. Thomas East End Medical Center ("East End Medical"), and Frederiksted Health Care, Inc. ("FHC") (the Government, the Authority, UVI, East End Medical, and FHC hereinafter collectively referred to as the "Employer") and ALIC Life Insurance Company (hereinafter "ALIC").

WITNESSETH:

WHEREAS, the Employer consists of the Government of the Virgin Islands and its independent instrumentalities; and

WHEREAS, the Employer provides group health insurance benefits to their eligible employees, retirees and their dependents; and

WHEREAS, in accordance with Title 3, Chapter 25, Subchapter VIII, of the Virgin Islands Code, the Employer issued a Request for Proposal from companies interested in providing group health insurance coverage for its employees; and

WHEREAS, ALIC along with other companies submitted a proposal to provide health insurance benefits to the Employer; and

WHEREAS, the Employer has accepted the proposal of ALIC and the parties have negotiated and arrived at an agreement for the terms of the contract; and

WHEREAS, the terms of the Group Life and Accidental Death and Dismemberment Agreement shall consist of the terms provided herein and the terms of the addenda and attached exhibits which are fully incorporated herein by reference; and

NOW THEREFORE, for and in consideration of the mutual covenants and promises made herein, the parties agree as follows:

1. TERM

This Contract shall be in force and effect for a period of twelve (12) months beginning October 1, 2016 and ending September 30, 2017. At the option of the Employer, this contract may be renewed, with terms to be renegotiated by the parties, for an additional twelve (12) month period. The Employer shall give notice of its intent to renew the contract at least sixty (60) days prior to the expiration of the term of the Contract.

2. COMPENSATION FOR INSURER

- A. The premium rates paid by the Employer to ALIC shall be those as listed in Attachment 1 to this Contract.
- B. The premium rates referenced in Attachment 1 shall remain in effect for a twelve (12) month renewal term commencing October 1, 2016 and terminating September 30, 2016.
- C. ALIC shall generate monthly premium bills, which shall be due and payable as follows:

Payment by the Government, East End Medical, and FHC

ALIC shall, on a monthly basis during the term of the Contract, bill the Government for payment of premiums. All premium payments invoiced to the Government under the Contract shall be due and payable to ALIC by 15th day of the month 60 days following the first of the month on which the Government received the subject monthly invoice (the "Government Premium Due Date").

If the Government fails to make any payment by the Government Premium Due Date, then ALIC may terminate the Contract, with respect to the Government, for non-payment of premium, provided that ALIC complies with the notice provisions for termination set out in Section 15 of this Contract.

Payment by the Authority and UVI

ALIC shall, on a monthly basis during the term of the Contract, bill the Authority and UVI for payment of premiums. All premium payments invoiced to the Authority and UVI under the Contract shall be due and payable to ALIC by 15th day of the month following the date on which the Authority or UVI, as the case may be, received the subject monthly invoice (the "Instrumentality Premium Due Date").

If the Authority or UVI fails to make any payment by the Instrumentality Premium Due Date, then ALIC may terminate the Contract with, respect to the Authority or UVI, for non payment of premium, provided that ALIC complies with the notice provisions for termination set out in Section 15 of this Contract.

It is agreed that the Government of the Virgin Islands, the Authority and UVI shall each be responsible for paying their respective premiums separate and apart from the responsibility of each other. Failure by one or more of said entities to make timely payments shall not affect the benefits and services to the other entity or entities continuing to make timely payment.

3. BENEFITS PLAN

The benefits provided to all active employees or retired employees shall be as follows:

A. Active Employees employed by Government, UVI, East End Medical, and FHC

1. Basic Life Insurance.

Class 2 – All Active, full time Government Employees

Class 3 – All Active, full time University of Virgin Islands Employees

Class 4 – All Active, full time St. Thomas East End Medical Center Employees

Class 5 – All Active, full time Frederiksted Health Center employees

The above eligible Classes shall be provided a Flat \$10,000 as a death benefit for all eligible full time employees.

2. Supplemental Life Insurance.

Class 2, 3, 4, 5 - At the eligible employee's timely election and authorization to deduct the proper contribution:

Plan A - up to 4 times Basic Annual Earning, rounded to the next higher thousand unless already a multiple thereof, not to exceed \$500,000.

Or

Plan B - Flat Options of:

Option 1 – \$5,000

Option 2 - \$10,000

Option 3 - \$15,000

Option 4 - \$25,000

Option 5 - \$50,000

Option 6 - \$75,000

Option 7 - \$100,000

Option 8 - \$150,000

3. Basic Accidental Death & Dismemberment.

Class 2, 3, 4, 5 – A Flat \$10,000 shall be provided as a Basic AD&D benefit for all eligible full time employees.

4. Supplemental Accidental Death & Dismemberment.

Class 2, 3, 4, 5 - At the eligible employee's timely election and authorization to deduct the proper contribution:

Plan A - up to 4 times Basic Annual Earning, rounded to the next higher thousand unless already a multiple thereof, not to exceed \$500,000;

Or

Plan B - Flat Options of:

Option 1 - \$5,000

Option 2 - \$10,000

- Option 3 - \$15,000
- Option 4 - \$25,000
- Option 5 - \$50,000
- Option 6 - \$75,000
- Option 7 - \$100,000
- Option 8 - \$150,000

5. Supplemental Dependent Life Insurance.

Class 2, 3, 4, 5 - At the eligible employee's timely election and authorization to deduct the proper contribution to provide supplemental dependent term life insurance in the amounts of:

\$10,000 for each eligible spouse, \$5,000 for each eligible child up to age 26.

B. Retired Employees of the Government

1. Basic Life Insurance.

Class 6 - All Government retirees of the ER

Flat \$5,000 shall be provided as a death benefit for all eligible retired employees

2. Supplemental Life Insurance.

Class 6 - At the eligible retiree's timely election and authorization to deduct the proper contribution from the retiree's pension check to provide term life insurance:

- Flat Options of:
- Option 1 - \$5,000
 - Option 2 - \$10,000
 - Option 3 - \$15,000
 - Option 4 - \$20,000
 - Option 5 - \$25,000
 - Option 6 - \$30,000
 - Option 7 - \$50,000
 - Option 8 - \$75,000
 - Option 9 - \$100,000
 - Option 10 - \$150,000

provided, however, that the eligible retiree cannot elect more than the amount in effect prior to retirement.

3. Supplemental Dependent Life Insurance.

Class 6 - Dependent Life Insurance.

At the eligible employee's timely election and authorization to deduct the proper contribution to provide supplemental dependent term life insurance in the amounts of:

\$10,000 for each eligible spouse, \$5,000 for each eligible child up to age 26.

C. Virgin Islands Port Authority Active Employees

Class 1 – All active full time Port Authority employees of the ER

1. Basic Life Insurance.

Class 1 – 1.5 times the employee's annual salary, rounded to the next higher \$1,000, shall be paid as a death benefit for all eligible employees, to a maximum benefit of \$100,000.

2. Supplemental Life Insurance.

Class 1 - At the eligible employee's timely election and authorization to deduct the proper contribution:

Plan A - up to 4 times Basic Annual Earning, rounded to the next higher thousand unless already a multiple thereof, not to exceed \$500,000;

Or

Plan B - Flat Options of:

- Option 1 - \$5,000
- Option 2 - \$10,000
- Option 3 - \$15,000
- Option 4 - \$25,000
- Option 5 - \$50,000
- Option 6 - \$75,000
- Option 7 - \$100,000
- Option 8 - \$150,000

3. Basic Accidental Death and Dismemberment.

Class 1 – 1.5 times employee's Basic Annual Earnings, rounded to the next higher \$1,000, shall be paid as an Accidental Death & Dismemberment benefit for all active employees, to a maximum benefit of \$100,000.

4. Supplemental Accidental Death & Dismemberment.

Class 1 - At the eligible employee's timely election and authorization to deduct the proper contribution:

Plan A - up to 4 times Basic Annual Earning, rounded to the next higher thousand unless already a multiple thereof, not to exceed \$500,000;

Or

- Plan B - Flat Options of:
- Option 1 - \$5,000
 - Option 2 - \$10,000
 - Option 3 - \$15,000
 - Option 4 - \$25,000
 - Option 5 - \$50,000
 - Option 6 - \$75,000
 - Option 7 - \$100,000
 - Option 8 - \$150,000

5. Supplemental Dependent Life Insurance.
Class 1 - At the eligible employee's timely election and authorization to deduct the proper contribution to provide supplemental dependent term life insurance in the amounts of:

\$10,000 for each eligible spouse, \$5,000 for each eligible child (Inforce Plan) up to age 26.

D. Retired Employees of the University of the Virgin Islands

1. Basic Life Insurance.
Class 7 - All University of the Virgin Islands retirees who do not participate in GERS
- Flat \$5,000 shall be provided as a death benefit for all eligible retired employees who retired before this benefit was eliminated
2. Supplemental Life Insurance.
Class 7 - At the eligible retiree's timely election and authorization to deduct the proper contribution from the retiree's pension check to provide term life insurance:

- Flat Options of:
- Option 1 - \$5,000
 - Option 2 - \$10,000
 - Option 3 - \$15,000
 - Option 4 - \$20,000
 - Option 5 - \$25,000
 - Option 6 - \$30,000
 - Option 7 - \$50,000
 - Option 8 - \$75,000
 - Option 9 - \$100,000
 - Option 10 - \$150,000

provided, however, that the eligible retiree cannot elect more than the amount in effect prior to retirement.

3. Supplemental Dependent Life Insurance.

Class 7 - Dependent Life Insurance.

At the eligible employee's timely election and authorization to deduct the proper contribution to provide supplemental dependent term life insurance in the amounts of:

\$10,000 for each eligible spouse, \$5,000 for each eligible child (Inforce Plan) up to age 26.

E. Basic Annual Earnings

As used in this Contract, Basic Annual Earnings means an employee's annual wage or salary, as reported by the Employer, excluding bonuses, commissions, overtime pay, or extra compensation.

F. Evidence of Insurability Requirements

All active employees and retirees of the Employer otherwise eligible for supplemental coverage may be required to satisfy Evidence of Insurability ("EOI") requirements before coverage becomes effective. EOI is required for amounts that exceed the plan's Guaranteed Issue amount. Late applicants or applicants who enroll for coverage more than 31 days after having first been eligible EOI may be required. New hires or newly eligible enrollees do not have to submit EOI during the 31-day period of initial eligibility.

For active employees, EOI is required for increases in supplemental life coverage above one increment, up to the Guaranteed Issue amount. For retirees, all increases in coverage are subject to EOI review.

The Guaranteed Issue amounts for the plans are as follows:

Employees:

Plan A - 4 times Basic Annual Earnings or \$500,000, whichever is less

Plan B - \$150,000

Spouse: \$10,000

Child: \$5,000

After the initial eligibility period, any increase in coverage over a \$10,000 increment for Plan A or B is subject to EOI requirements.

4. **ENROLLMENT**

All active employees and retirees of the Employer who satisfy the eligibility requirements set out in this Contract shall be eligible to enroll for the benefits offered by ALIC under this Contract.

5. UNSETTLED CLAIMS

ALIC will pay delayed settlement interest in those jurisdiction(s) where applicable laws and regulations require. Upon the final settlement of the claims, ALIC shall disburse the proceeds and accumulated interest to the beneficiary.

6. REPORTS

A. ALIC shall provide the Employer with the following standard reports on a quarterly basis:

- (1) Individual listing of pending death claims;
- (2) Individual listing of death claims payments;
- (3) Experience Report (premiums v. claims for the applicable period and cumulative to date illustrated separately by line of coverage);
- (4) Individual claims for the applicable period and cumulative to date; and
- (5) Monthly enrollment totals

B. ALIC shall on a quarterly basis provide the Employer with utilization reports stated separately by:

- (1) Coverage type (Basic Life and Accidental Death and Dismemberment, Supplemental Life and Accidental Death and Dismemberment, and Dependent Spouse and Child)*;
- (2) Covered entities (Government of the Virgin Islands, UVI, the Authority, East End Medical, and FHC); and
- (3) Coverage class (active employees and retirees)

* Dependent life claims shall not be separated by coverage type (i.e. spouse v. child).

C. ALIC shall also on a quarterly basis provide the employer with reports on the reserves for incurred but not yet reported claims (this report shall also be provided on an annual basis)

7. TOLL FREE CUSTOMER SERVICE NUMBER

ALIC shall, during regular business hours, provide toll free telephone customer service.