



President's Bulletin

University of Missouri

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TO: ALL UNIVERSITY OF MISSOURI STAFF ENROLLED
IN THE SALARY CONTINUANCE INSURANCE PLAN

FROM: C. BRICE RATCHFORD, PRESIDENT

It is important that you be informed of a serious development regarding the University's Salary Continuance Insurance Plan, the long-term disability insurance program carried by a majority of University employees.

Stuyvesant Life Insurance Co., which has been the carrier for the plan since it was started at the University in 1966, has notified the University that it will no longer handle the program after May 1, 1973. The firm's decision to withdraw is in keeping with a national reluctance among many insurance companies to write disability coverage. The University regrets this decision.

There is no doubt that the cancellation by our insurance carrier presents grave problems which conceivably could mean discontinuance of this program. However, I want to assure you that the University is taking every possible step in an attempt to keep some form of salary continuance insurance in existence without interruption of coverage.

As those of you who participate in the Salary Continuance Insurance Plan are aware, this is a voluntary insurance program on the part of the employees. It is a group plan which allows a person to buy insurance which provides two-thirds payment of salary in the event an employee is disabled for 59 days or longer, with payments continuing if necessary until the totally disabled employee reaches age 65. The employee pays the entire premium, based on the amount of the employee's salary.

The Stuyvesant company first notified the University that premium rates would have to be raised to \$1.59 per \$100 of monthly salary, nearly tripling existing rates. Soon thereafter, however, the company stated its intention to terminate as carrier for the program.

Premium rates have not been increased, although benefit provisions have remained the same, since the program was started in 1966. Costs to employees have remained at 54.4 cents per \$100 of monthly salary since the plan has been in existence at the University.

As I mentioned earlier, the University fully realizes the importance of the Salary Continuance Insurance Plan to those employees who participate in the program, and efforts to keep the program functioning are being pursued. Alternatives available in the insurance market are being investigated. As an example of the search going on, the University presently is seeking bids from insurance firms which might be interested in serving as the carrier.

Until these alternatives are explored, it is not known what impact any proposed new plan would have on the following areas:

- * Premium rates.
- * The nature of the benefit coverage which could be offered.
- * The number of enrollees in the program which would be required.

It is obvious, however, that a group insurance plan can be operated only if a substantial majority of employees participate in it. If we are successful in developing a new plan, staff members will be notified of procedures to assure continuance of coverage. At the same time, information will be provided concerning an open enrollment period for those not presently in the plan but who would like to participate.

Those are the facts regarding the Salary Continuance Insurance Plan as we know them at this time. You may be assured that additional information

will be made available as further developments occur.

A final note: The withdrawal of the Stuyvesant Life Insurance Co. from the Salary Continuance Insurance Plan will in no way affect those University employees now receiving benefits under the present program. Neither will it affect any benefits of those already disabled and presently in the 59-day waiting period nor those who might become disabled before May 1, 1973.

All those entitled to such benefits will receive them from the Stuyvesant firm.

I also want to point out that the developments outlined in this issue of President's Bulletin regarding the Salary Continuance Insurance Plan do not jeopardize the University's Accidental Death and Dismemberment Insurance Program, which is presently carried by Stuyvesant Life Insurance Co.