LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6474 | **NOTE PREPARED:** Mar 25, 2013
BILL NUMBER: HB 1028 | **BILL AMENDED:**

SUBJECT: State Police Death Benefit.

FIRST AUTHOR: Rep. Neese | **BILL STATUS:** 2nd Reading - 2nd House
FIRST SPONSOR: Sen. J. Arnold

FUNDS AFFECTED: X **GENERAL** | **IMPACT:** State
X **DEDICATED**
FEDERAL

Summary of Legislation: The bill increases the maximum amount of a deceased state police officer's supplementary death benefit from $14,500 to $20,000 for state police officers who die after June 30, 2013. These benefits are paid to a member's survivor in the form of a lump sum payment.

Effective Date: July 1, 2013.

Explanation of State Expenditures: Current yearly premiums for the supplementary death benefit for 1,274 active members is $208,375. The bill would increase the premiums required to $287,414, which represents an increase of $79,039 per year.

Premiums for the death benefit are paid out of the Indiana State Police Benefit Fund. The Benefit Fund receives funding through the state General Fund and the Motor Vehicle Highway Account.

According to the *Department of State Police Supplemental Trust Agreement*, these death benefits may be paid directly from the assets of the Police Benefit Fund or this liability may be reinsured in a life insurance company selected and approved by the Department. Currently, CIGNA provides this reinsurance for the supplementary death benefit at a rate of $0.94/$1,000 of volume, per month.

Note: Before an increase in supplementary death benefits takes place (as per the bill), the Pension Advisory Board must first approve the increase in the supplementary death benefit in the Supplemental Trust Agreement.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana State Police Department.

Local Agencies Affected:

Information Sources: Major Brad Scully, Indiana State Police, bscully@isp.in.gov; http://www.in.gov/isp/2350.htm.

Fiscal Analyst: Stephanie Wells, 232-9866.