

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, September 21, 1954. The Board met in the Board Room in executive session at 4:00 p.m.

PRESENT: Mr. Martin, Chairman  
Mr. Szymczak  
Mr. Vardaman  
Mr. Mills  
Mr. Robertson  
Mr. Miller  
Mr. Balderston

At 4:35 p.m. Mr. Carpenter, Secretary, Mr. Vest, General Counsel, and Mr. Sprecher, Assistant Director, Division of Personnel Administration, were called into the meeting.

The Chairman stated that the Board had discussed in executive session yesterday and again this afternoon the questions raised by the enactment of the Federal Employees' Group Life Insurance Act of 1954 and had agreed unanimously that the new Act was applicable to the members of the Board and its staff, but that in order to be fair to all employees it had decided to continue the insurance benefits now available under the policy with the Connecticut General Life Insurance Company for those employees who preferred not to accept the benefits provided by the new Act.

There ensued a discussion of the steps that should be taken to carry the Board's decisions into effect, at the conclusion of which unanimous approval was given to the policies and procedures set forth in the following statement:

The Board of Governors has taken the position that the Federal Employees' Group Life Insurance Act of 1954 is applicable to the members of the Board and its staff. Therefore, effective September 26, 1954, each member of the Board and its staff will be covered

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automatically by the new insurance unless prior to the close of business on October 4, 1954 (or, in the case of an absent employee, at an appropriate later date) he states in writing on a form to be furnished by the Board that he does not want to be covered under the new plan.

The Board recognizes that the new plan, which will cost each employee who accepts it \$6.50 per year per \$1,000, may not be as attractive to certain of its employees as the coverage now being provided under the policy with the Connecticut General Life Insurance Company without cost to the employee. Accordingly, any employee now on the Board's payroll who elects not to take the insurance provided by the new law will automatically be insured under the existing policy and will not be covered by the new plan.

The staff will be requested to work out a procedure to insure that each employee will be fully informed of his rights of election and that his attention is brought to the fact that under the terms of the new law if he elects not to be covered by the new plan (1) he cannot participate in its benefits at a later date without (a) waiting one year from the date of waiver, and (b) producing evidence of insurability through a physical examination, and (2) he will not be eligible to request participation in the new plan after he has reached the age of 50 years. After an employee has accepted the benefits of the new plan he may not thereafter elect to waive such benefits and again be covered by the policy with Connecticut General.

The right to elect insurance under the policy with the Connecticut General Life Insurance Company will not be available to others than persons on the payroll of the Board as of this date. Any individual employed by the Board after this date will have the right to accept or reject the benefits provided by the Federal Employees' Group Life Insurance Act of 1954, but the benefits of the Connecticut General policy will not be available to him.

It is the desire of the Board, if possible, to put the above program into effect without duplication of insurance. The staff will be requested immediately to consult with representatives of the Connecticut General Life Insurance Company on this matter and to present to the Board for consideration a plan under which the program can be carried out.

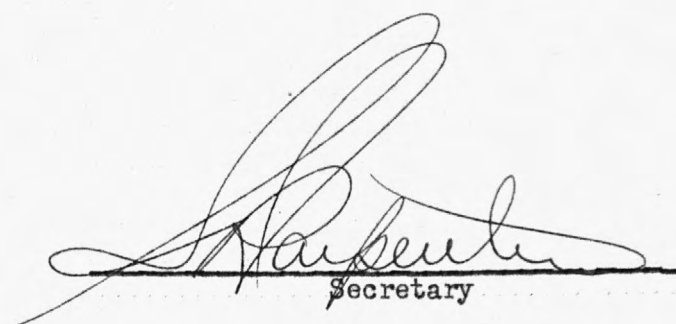
It was also agreed that a letter would be drafted to the Civil Service Commission acknowledging that the Government insurance plan would become effective for the Board's organization on September 26

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and advising of the steps being taken (1) to afford employees an opportunity to waive the benefits of the plan and (2) to make the necessary premium payments.

The meeting then adjourned. During the day the following additional action was taken by the Board with all of the members present:

Minutes of actions taken by the Board of Governors of the Federal Reserve System on September 20, 1954, were approved unanimously.

  
Secretary