

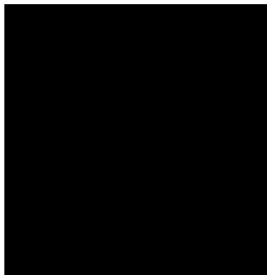
REPORT  
TO THE  
CIA CAREER SERVICE BOARD  
FROM  
THE INSURANCE TASK FORCE  
IN RESPECT TO  
INDEMNITIES AND BENEFITS  
FOLLOWING  
DEATH AND DISABILITY

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THE INSURANCE TASK FORCE MEMBERSHIP

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Member and Sec'y:  
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Member:



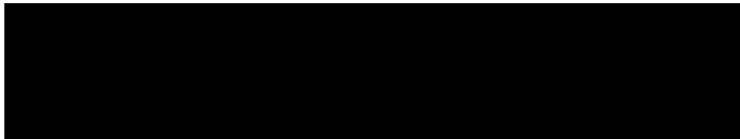
SA - DD/P  
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ESD - Personnel  
Deputy Gen. Counsel

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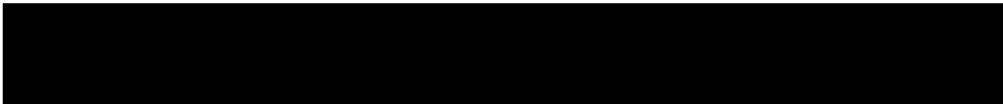
Office of Security  
Staff C  
Chief, Plans - FI

Consultant:  
Consultant:  
Consultant:



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FOREWORD

Because of the complexity of this subject, it is deemed best to make the presentation in two parts - first, as to death, and then disability.

Clearly, what the Agency should do, if anything, in these fields, is properly considered only after review of existing available protective measures. Accordingly, this presentation is so organized.

Warning is given that the statistics following in respect to death are somewhat untrustworthy in the earlier years especially and, overall, may be too meagre to be fully significant. They are, however, indicative and useful.

Agency procedures and systems in respect to records of death and disability should be tightened and so organized that continually in the future, this type of Agency vital statistics is immediately ready for any desired analysis by appropriate officers. This is especially important in the field of disability (hospitalization) because of the growing country-wide interest, information and change in such group plans.

Further, interpretation and application of P.L. 110 in respect to overseas illnesses must always be carefully weighed together with the employee's membership in a group hospitalization plan. Full justice to the employee includes concern not only for costs to the Government but also concern for the degree of employee participation, and his premium costs, in any group plan offered.

The Task Force finds grievous lack of knowledge in the employee group as to the individual's beneficial rights, especially under that important and excellent piece of legislation known as the Federal Employees Compensation Act. This is also true, but now less so, as to the War Agencies Employees Protective Association life insurance. It is suggested that if future disseminations of such nature are dressed up modestly, they are less likely to hit the waste basket without reading. More importantly in this connection, the Task Force directs explicit criticism to the culpable failure of the Agency and its executive or administrative officers to assure that needful information reaches all persons concerned.

All of this material should be made available to the Chief, Medical Office, for his appropriate and proper technical contribution to personnel administration.

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TO : CIA Career Service Board

FROM : Insurance Task Force

SUBJECT : Employee and Family Beneficial Coverage in Respect to Death and Disability

1. **PROBLEM:** What employee and family indemnity and beneficial insurance coverage should the Agency arrange to have offered in order to remedy or alleviate any possible existing injustice, to alleviate personal and family concerns which dilute or distract from attention to mission, to demonstrate community of interest, and to promote the concept of career.
2. **ASSUMPTIONS:** The Task Force believes:
  - a. That from the point of view of constructive personnel administration the Agency has a deep interest, if not obligation, to assist its employees to meet life's more serious exigencies, whether imposed by mission or not.
  - b. That there do exist particular security problems for the Agency in the field of life and disability insurance.
  - c. That the nature of CIA mission requires a quality of personal action which is founded in a well-rounded and developed career concept.
  - d. That the Agency, as others, desires to take advantage for its employees of existing benefits commonly extended only to groups as such - or to create appropriate new benefits.
  - e. That the Agency adopts the principle that over and above present available benefits, the employee is responsible for securing himself, with his own means, the needful life (and disability) protection.

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PART I

3. Facts in respect to death

- a. Excerpted from Tab A are the end-product death statistics for staff employees and staff agents for the years obtainable and valid comparison with the Department of State. Because age is obviously a factor, some information on this score is also shown. A non-valid comparison with Agriculture is added as a matter of general interest. (Retirees there are permitted to keep a reduced life policy.)

Except for Agriculture, the deaths are all in service i.e., while employed, and the ratios are based on average monthly strength for the years shown.

Because the years '51, '52 and '53 are believed to provide the most trustworthy source material, an average for this period is added.

While these statistics are legitimate in perhaps all of the seven last years, there is no surety that every death shows in our records and in any event the meagreness of the death numerator strongly cautions as to attributing complete significance.

- (1) Death incidence, all causes, all ages - CIA, Department of State, Department of Agriculture Beneficial Association, and U. S. Population as a whole

	<u>CIA(a)</u>	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>Av. '51, '52, '53</u>
Total deaths		1	5	8	6	12	19	18	16.3
Deaths per 1000 (physical given)									
<u>Foreign Service(b)</u>									
Total deaths		-	-	10	15	8	5	8	7
Deaths per 1000 (physical given)		-	-	1.86	1.90	.92	.56	1.06	.83
<u>Departmental (State)</u>									
Total deaths		-	-	7	18	17(d)	19	12	16
Deaths per 1000 (no physical)		-	-	.66	2.29	1.82 (1.29)(f)	1.82	1.47	1.75(g) (1.54)(f)
<u>Agric.B.A.(c)</u>									
Total deaths		-	-	182	234	190	217	232	213
Deaths per 1000 (no physical)		-	-	11.3	14.5	11.8	13.5	14.4	13.2
<u>U.S. population(e)</u>									
Deaths per 100		-	9.88	-	-	-	-	-	-

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(a) (b) (c) See Appendix 2, Tab E for sources

(d) Contains 5 deaths from single air crash.

(e) U.S. Public Health Service

(f) If 5 deaths from a single air crash are eliminated the ratios would be as shown

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PART I

(2) Deaths by office area for 1952 & 1953

	<u>DD/P</u>	<u>DD/I</u>	<u>DD/A</u>	<u>COMMO</u>	<u>OIR</u>
Total deaths	16	9	7	2	3
Deaths per 1000	[REDACTED]				

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(3) Place of death, all 7 years (CIA)

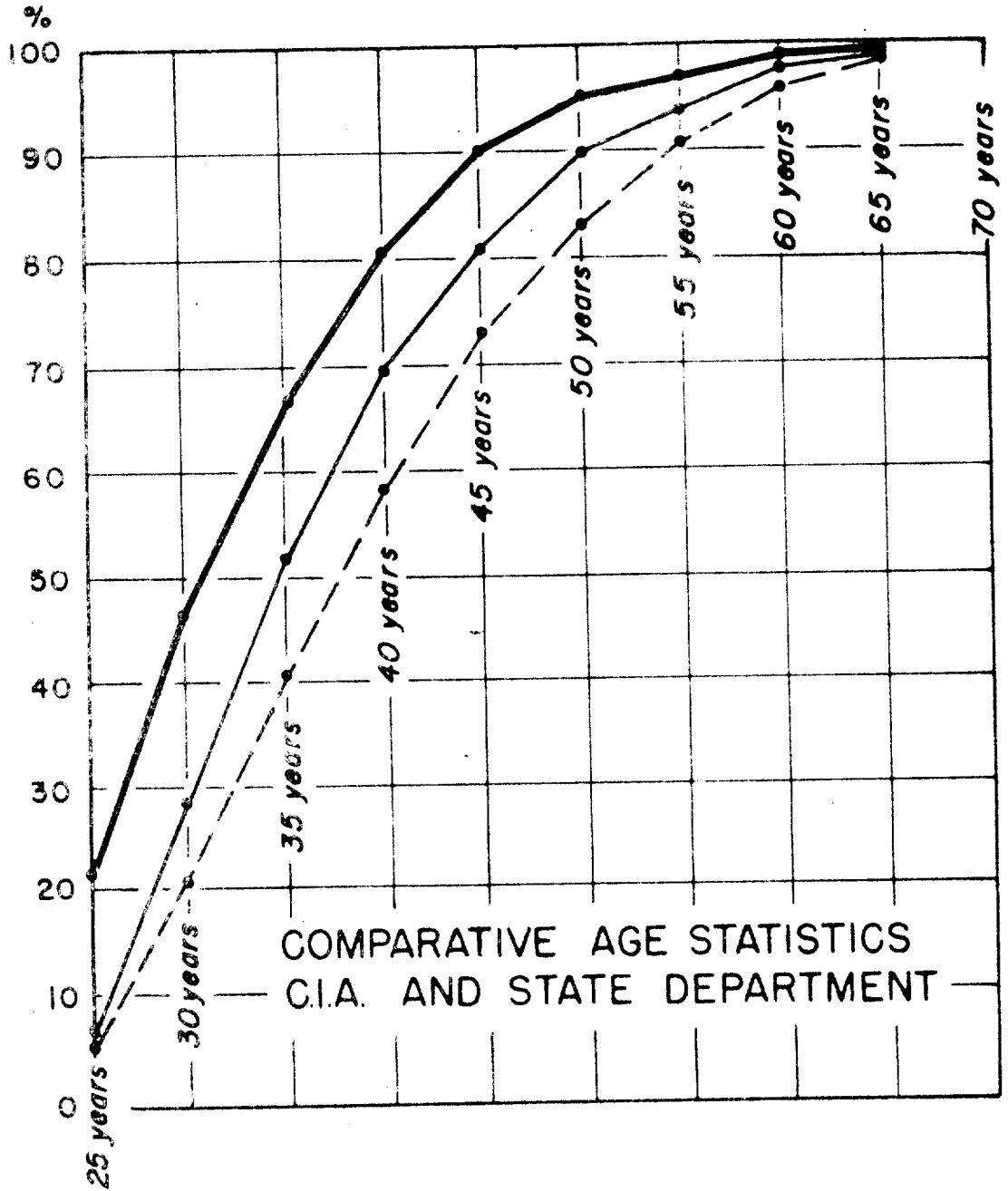
72% in U.S.  
 15% " Far East  
 13% " Europe and Near East

(4) Cause of death, all 7 years (CIA)

<u>Cause</u>	<u>No.</u>	<u>%</u>	<u>U.S. Pop.</u>
Heart	25	35%	32.5%
Cancer	11	16%	13.7%
Illness, other	12	17%	
Accident in performance of duty	8	12%	
Suicide	6	9%	1.1%
Accident not in line of duty	5	7%	
Enemy action	2	3%	
Total	69		
Performance of duty	10	15%	

(5) Ages at death all 7 years, in 3 selected Categories (CIA)

- (a) Heart: General progressive distribution from age 36
- (b) Cancer: Middle Ages
- (c) Suicide: Younger Ages

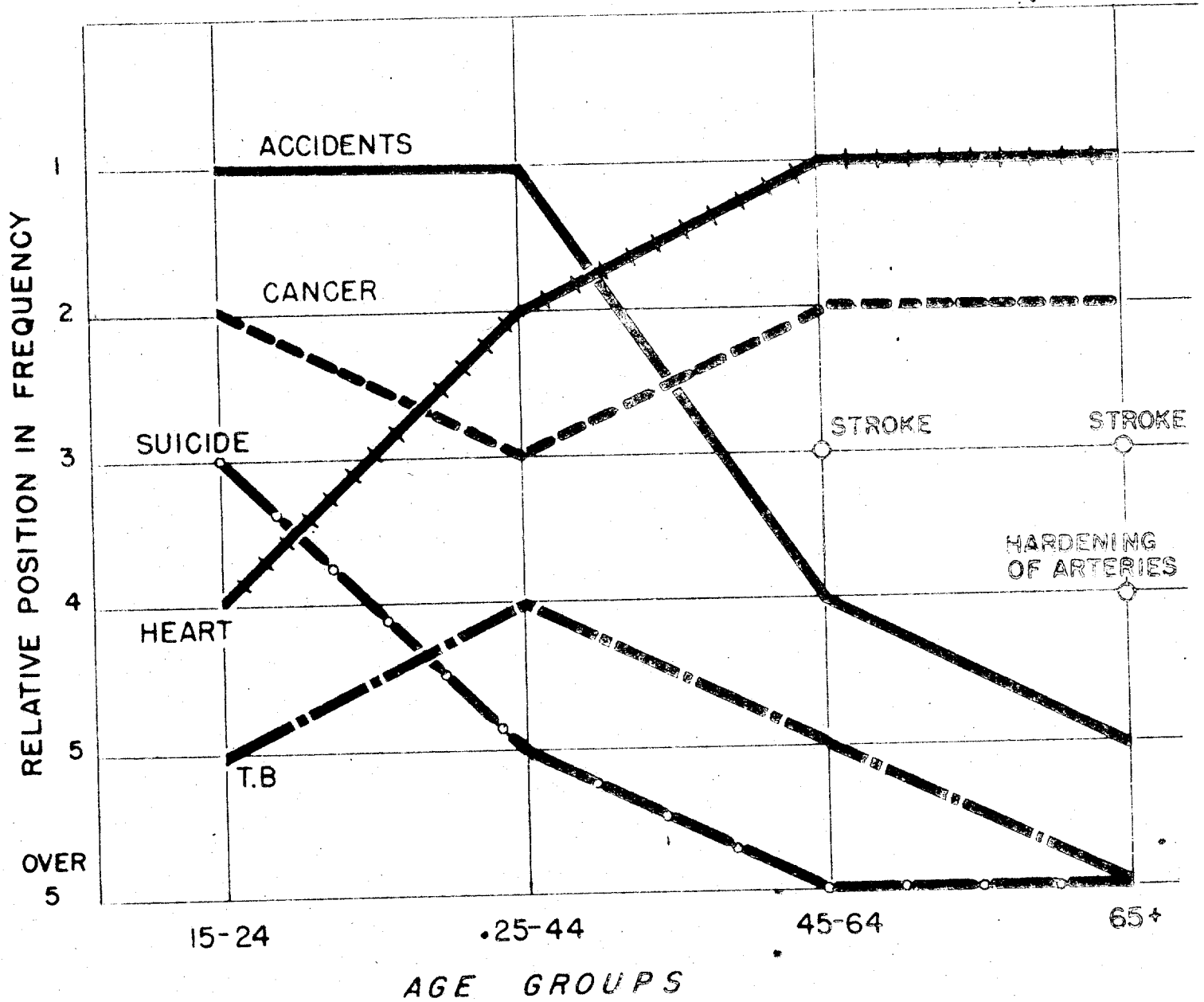


- LEGEND: Cumulative % to total personnel by age groups (up to and including 25 yrs.; up to and including 30 yrs.; etc.)
- ==== CIA — Staff employees and staff agents as of 30 June 1953
  - Foreign Service — All personnel as of January 1954
  - - - - Departmental Dept. of State — All personnel as of January 1954

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# THE FIRST FIVE KILLERS\* U.S. POPULATION



\*FROM BUREAU OF VITAL STATISTICS  
U.S. FEDERAL SECURITY AGENCY  
DECEMBER 1953

## PART I

b. Existing available protective measures in beneficiary coverage have the following aspects of most importance:

(1) Commercial Ordinary Life policies

- (a) The Basic Policy (Face Amount) excludes coverage if death is occasioned by an Act of War (declared or undeclared) while the insured is in either the military or the civilian service, by air flight in either military or non-scheduled planes for purposes of training, testing, military mission or while acting as a crew member.
- (b) Double Indemnity feature excludes (a) above, plus others.
- (c) Policy is not obtainable if the applicant is scheduled for semi-hazardous or hazardous duty, and, once granted, is voided if the exclusions are offended.

(2) National Service Life Insurance (or U. S. Government Life Insurance)

- (a) Both these policies are limited to veterans and are incontestable from date of issue for any cause except fraud - i.e. no risk exclusion.

(3) Federal Employees Compensation Act

- (a) This Act is an exclusive compensatory remedy for death (and disability) resulting from injuries suffered in performance of duty or from diseases proximately caused by employment.
- (b) It's maximum benefit would equal the income on a capital investment in U. S. H Bonds of about \$210,000.

- (c) A hypothetical application in monthly benefits is:

<u>Beneficiary</u>	<u>GS-11 Employee dies in U.S.</u>	<u>GS-11 Employee dies in Frankfurt</u>
Widow only	\$222.75	\$256.50
Widow and 2 children	328.16	399.00
2 children only	239.16	285.00

(4) Civil Service Retirement Act

- (a) This is primarily a retirement act, annuity in nature, but it does provide small death (and disability) benefits without regard to performance of duty. The principal qualification is 5 years of civilian service - then military service may be added.

## PART I

(b) A hypothetical application in monthly benefits is:

<u>Beneficiary</u>	<u>GS-11 Employee with 9 yrs. svc.</u>	<u>GS-11 Employee with 15 yrs. svc.</u>	<u>Payable</u>
Widow only	\$33.42	\$55.69	at her age of 50
Widow & 2 children	66.84	111.39	immediately
2 children only	66.84	80.00	immediately

(5) Public Law 110

(a) Maximum death benefits are preparation and transportation of the remains of the employee or member of his family who may die in travel status or abroad to appropriate place of interment.

(6) War Agencies Employees Protective Association (WAEPA)

(a) This is excellent term life and accidental death coverage totaling now \$27,000 available without medical examination or delay, for a premium cost (up to age 41) of \$100.00 per year.

(b) There are no exclusions in the term feature and five (5) in the accidental death category. Most importantly, in respect to air flight, any flight is fully covered if the insured proceeds under orders, directly or indirectly, of the U. S. Government as a passenger.

(c) The premiums seem cut of line with experience.

(7) TAB B shows an essential summary application of all these instruments under certain assumed conditions.

#### 4. DISCUSSION, as to death

a. As noted in the statistical compilations, because of the factors of meagreness, some untrustworthiness and incompleteness of statistics in CIA, observations drawn here are set forth as indicative rather than positions taken from full statistical legitimacy.

(1) The Foreign Service of State shows a better record than we do. This might be expected due to the difference in activity and their early retirement plan.

(2) The Department (headquarters of State) shows about the same record as we do.

(3) Unquestionably we present a far better risk than that with which the insurance companies generally contend. However, the assertion that because of our medical examinations (pre-employment and overseas pre-EDY and pre-PCS) and security screening we present a far superior risk potential, seems unwarranted.

(4) Whereas today, in personnel composition, we are an extremely youthful group, it may be expected that with some settling down, this condition

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## PART I

will show increasing maturity.

- (5) The potential of risk on the DD/P side shows up both in the ratio for 1952 and 1953 and also in the fact of 8 DD/P deaths out of 10 (for all years) in the performance of duty category. These figures are without reference to deaths arising from illness proximately caused by employment. Six of the seven suicides are on the DD/P side (one was in TSS) and in two cases of the total, it is known that Agency activities were pressing factors.
- (6) The incidence of death in performance of duty is significant at 15%. However, the Task Force believes that this relatively low ratio can quickly show sharp increase due to our widespread traveling and OTR, TSS and operational activities. The potential in respect to non-scheduled aircraft will be treated verbally as appropriate.
- (7) For the record, the Task Force desires to point up the ever-present problem - high lighted by death - of potential activity - attribution to the U. S. Government. This is a matter of operational security responsibility which lies in the technical or professional field. The Task Force is not professional, but holds and emphasizes the position that to deny a Staff Agent/WAEP coverage if he desires it, is no answer. The fact of his rights under FECA - which cannot be denied - contains inherently the attribution potential anyway. Perhaps our only way out is to refrain from using employees on sensitive missions. Today this may be an impracticable ideal - but there is the problem. For those interested, the position and answer to this last problem on the part of [redacted] is detailed in TAB E Appendix IV.

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- b. From an analysis of existing available protective features, the following observations are of most importance.
- (1) As to commercial Ordinary Life policies, unquestionably many of the hazards to which substantial numbers of our people are exposed (Ops, OTR, TSS) will void the individual's previously obtained policy and make it impossible for an applicant to obtain such coverage. This is true in respect to the Face Amount, but most especially and more broadly true of the double indemnity and disability features of these policies.

This fact is subject, in part, to cover-story modification, as dictated by security.

The probability of difficulty in respect to voiding of Ordinary Life policies is deemed small, but one case is a misfortune. In the case of employee applications to Acacia and N. Y. Life, assurances from CIA as to non-hazardous duty are routinely required and this is likely to spread. In one case, denial of applied-for insurance was given.

PART I

- (2) As to National Service or U. S. Government Life Insurance.  
This is handsome coverage in moderate face amount for the veteran who kept it. This insurance is really cheap with no hazard exclusions, in either death or disability features.
- (3) As to FECA. This is excellent coverage for the individual (in disability) and for the family in death, arising from injuries suffered in performance of duty or from diseases proximately caused by employment. All hazardous or semi-hazardous duty is covered.

A problem may lie in sufficiency of coverage for some standards of living (the maximum is \$525.00 per month regardless of size of family). However, it would take an investment of \$210,000.00 in U. S. H Bonds to provide such interest income.

A second problem is security, i.e., attribution to the U. S. Government in sensitive situations - but the indemnity rights here cannot be denied. This is, however, a procedural matter in the field of security - not substantive in respect to dollars.

- (4) As to Civil Service Retirement Act. This is a retirement Act, but it does provide quite inadequate benefits on too limited a basis, for death arising in line-of-duty or not in-line-of-duty-- where FECA doesn't cover.

The problem here - of insufficiency - must be taken together with other available protective features which the individual may have.

- (5) P. L. 110 This Act provides a very small assist in burial only.
- (6) WAEPA. This is valuable moderate face amount coverage for non-accidental death - excellent coverage for accidental death. The policy is valuable because of (a) absence of exclusions in the term feature and but small limitation in the accidental death clause; (b) ease of procurement - no physical examination and immediate availability.

PART I

The problems here are (a) its probably somewhat too high cost - as shown from our experience; (b) the security (attribution) aspects in event of death in a sensitive situation; (c) insufficiency of coverage in certain standards of living.

- 5 CONCLUSIONS, in respect to death.
- a. There is need to seek replacement provision for potential voiding of an individual's ordinary life policy and to counter-denial of such coverage from the commercial market.
  - b. There is no need to seek supplemental beneficial coverage in the field of performance-of-duty.
  - (1) The FECA is excellent coverage; when supplemented by the optional coverage of WAEPA, and probable ordinary life (and for a veteran, NSLI) all reasonable Agency obligation and concern is satisfied.
  - c. It is desirable to seek, as have others, additional, better, or cheaper life coverage outside the field of performance - of - duty. Our people are young with existing and/or potential family responsibilities.
  - (1) The group factor here provides the potential of about 70% saving in premium cost against commercial Ordinary Life.
  - d. There is need to subject our WAEPA experience to actuarial scrutiny.
  - e. The liberal clauses in WAEPA make it an extremely desirable offering and one not to be jeopardized.
  - f. There is need to facilitate the individual's procurement of single trip coverage on scheduled airlines, with arrangement for such offering through-cut processing. (This facility has been agreed to by Omaha--as a convenience for us - if we desire to so place it.)
  - g. There is need to arrange (probably as above) for trip coverage on non-scheduled and military aircraft. (It is possible to do this securely by special arrangement.)
  - h. The "exclusive remedy" aspect of FECA precludes the expenditure of appropriated dollars for the individual's benefit, in either premium cost or other substantive benefit in the life field. (excepting the small benefit in PL 110).

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PART I

However, because of the nature of Agency mission - its high demand for devotion, its general and overriding security demands, the Agency must be prepared to spend appropriate needful administrative dollars to backstop all proper beneficial coverage measures.

- i. WAEPA shall not be denied a staff employee or staff agent at any time. The attribution factor contained in FECA is overriding. Choice must be confined to the person for the mission.
- j. At the present time, the Task Force is not looking to legislation for resolution of our insurance problems.
- k. As fully illustrated from lack of knowledge among our employees of FECA - almost entirely, and of WAEPA - less so now, we must consider new ways and means to get information over to our employees. This is vitally important first in respect to mission, then in justice to the employee and last in respect to the importance of long-time solid career development program.
- l. Many aspects of the foregoing ask for technical insurance consultation with actuarial study, to conclude in respect to appropriate existing supplemental measures or self-insurance.

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PART I

6. RECOMMENDATIONS, as to death

After consultation with the [REDACTED] and based upon their views as to how best approach our insurance problem in respect to death, the Task Force recommends the following plan:

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- a. Offer to all Agency Staff employees and Staff Agents, the opportunity to secure group term life coverage with conversion privilege and premium waiver for disability along the following lines:
  - (1) For salaries under \$3,200 annually, an optional coverage range with a minimum to equal the nearest \$1,000 of salary and a maximum of \$6,000.
  - (2) For salaries over \$3,200 annually, an optional coverage range with a minimum to equal the nearest \$1,000 of salary and a maximum of \$15,000.
- b. Add \$15,000 accidental death coverage to the foregoing in each policy.
- c. Provide in the plan for the same exclusion leeway as presently in the WAEPA contract and the same procedural (security) handling as Omaha Mutual Benefit Health & Accident Association now has with us in the hospitalization field.
- d. Put this plan up to United Benefit Life Insurance Company of Omaha, Nebraska for costing, i.e., for their firm offer as to premiums.
- e. Ask WAEPA to bid on this same plan.
- f. Take the product of Omaha's offer (and of WAEPA, if any) to the [REDACTED] for assessment against self-insurance on the same [REDACTED] would then not only point up the cost advantage (premiums) of self-insurance, but also outline risks to us in so undertaking.

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**DEATH STATISTICS**  
**STAFF EMPLOYEES AND STAFF AGENTS FOR CIA**  
**AND STAFF EMPLOYEES FOR STATE AND AGRICULTURE**

1. A Comparison of death incidence with the Foreign Service, and Departmental, Department of State; and with Department of Agriculture Beneficial Association; and with U. S. mortality tables.

CIA e/	1947	1948	1949	1950	1951	1952	1953	Average			25X9A2
								'51	'52	'53	
Total in service deaths e/	1	5	8	6	12	19	18	16.3			
[REDACTED]											
(physical given)											

State b/ - Foreign Serv.

Total in Service deaths	-	-	10	15	8	5	8	7		
Av. Monthly Strength	-	-	5378	7898	8692	8993	7562	8416		
Deaths per 1000 (physical given)	-	-	1.86	1.90	.92	.56	1.06	.83		

State - Departmental

Total in Service deaths	-	-	7	18	17d/	19	12	16		
Av. monthly strength	-	-	10630	7870	9316	10046	8166	9176		
Deaths per 1000 (no physical exam)	-	-	.66	2.29	1.82d/	1.82	1.47	1.75 d/ (1.54)		

Agriculture Ben. Assn. c/  
(includes Retirees)

Total deaths incl. sep'd	-	-	182	234	190	217	232	213		
Strength of Ass'n.	-	-	16122	16193	16161	16045	16080	16095		
Deaths per 1000 (no physical exam)	-	-	11.3	14.5	11.8	13.5	14.4	13.2		

U.S. population as a whole (deaths per 1000)

- (1) Estimate for 1951 by the World Almanac . . . . . 9.7
- (2) U.S. Public Health Service for 1952 . . . . . 9.6

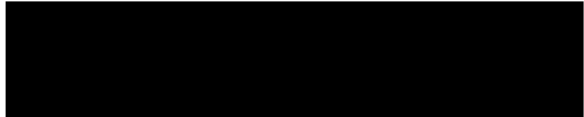
a/ b/ and c/ - See Tab E for sources.  
 d/ Contains 5 deaths from single plane crash. If not included, the ratio is shown in ( ) above.  
 e/ Not separated from service.

2. Comparison by Office (CIA) (37 Total for years '52 and '53 only)

	<u>DD/P</u>	<u>DD/I</u>	<u>DD/A</u>	<u>COMMO</u>	<u>OTR</u>
1952	10	6	2	0	1
1953	6	3	5	2	2
	---	---	---	---	---
Total	16	9	7	2	3
Average	8	4.5	3.5	1	1.5

Average Monthly Strength

Deaths per 1000



\*Statistically Insignificant

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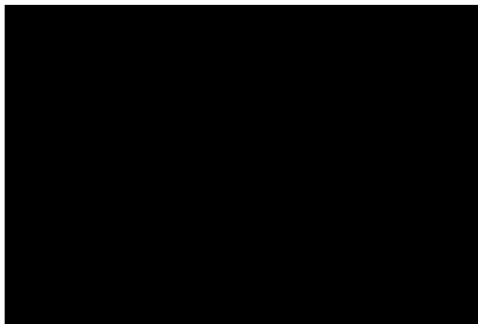
3. Comparison by Office (69 Total all years)

<u>DD/P</u>	<u>DD/I</u>	<u>DD/A</u>	<u>COMMO</u>	<u>OTR</u>	<u>REGISTRY</u>	<u>DCI</u>
26	22	14	3	3		1

4. Place of death (CIA) (69 Total - all years)

<u>U.S.</u>	<u>Overseas</u>
50 (72%)	19 (28%)

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TAB A

5. Causes (CIA):		<u>U.S. Pop. a/</u>
a. Heart	25 (35%)	32.5%
b. Cancer	11 (16%)	13.7%
c. Suicides b/	6 (9%)	1.1%
d. Ulcers, Obstruction, Peritonitis	6 (9%)	
e. Polio (3) Diphtheria (1)	4	
f. Complications following operation	2	
g. Accident not in line of duty	5 (7%)	
By fire while trysting	1	
By air crash on LWOP	1	
By mountain climbing	1	
By auto collisions	2	
h. Accident in performance of duty	8 (12%)	
By explosion of gasoline	1	
By air crash (Sched.)	3	
By air crash (Non-Sched.)	1	
By boom of crane	1	
By ship sinking	1	
By shooting (2nd party)	1	
i. By enemy action	<u>2</u>	
TOTAL	69	
(PERFORMANCE OF DUTY TOTAL: 10 (14.7%) c/)		

6. U. S. Public Health Service 1948 Vital Statistics for U. S. Population as to death from "selected causes" (most). Rates per 1,000 of mid-year population.

All Causes		All Ages	9.885			
Heart		" "	3.227			
Cancer		" "	1.349			
Suicide		" "	.112			
Ages	<u>15-24</u>	<u>25-34</u>	<u>35-44</u>	<u>45-54</u>	<u>55-64</u>	<u>65-74</u>
All Causes	1.424	1.977	3.976	9.048	19.358	44.035
Heart	.085	.208	.854	2.918	7.259	17.908
Cancer	.056	.168	.598	1.718	3.789	7.347
Suicide	.047	.090	.147	.208	.255	.288

- 
- a/ U. S. Public Health Service 1948
  - b/ 5 suicides in DD/P
  - c/ 8 Performance of Duty in DD/P

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7 CIA ages at death for all cases (49) in the years 1951, 1952, 1953

<u>Age</u>	<u>Cumulative Totals</u>	<u>Percent of Grand Total</u>
Under 25	4 cases	8
" 30	14	28
" 35	19	38
" 40	23	46
" 45	29	58
" 50	33	66
" 55	40	80
" 60	44	88
" 65	47	94
" 70	47	94
" 75	49	100

8. CIA ages related to total deaths for the same age groups (Cumulative % to total in both cases)

<u>Age</u>	<u>Distribution a/</u>	<u>Death Distribution b/</u>
Under 25	16%	8%
" 30	42%	28%
" 35	64%	38%
" 40	79%	46%
" 45	89%	58%
" 50	95%	66%
" 55	97%	80%
" 60	99%	88%

---

a/ AS of 30 June 1953 (no significant change as of Jan. '54)  
 b/ 3-year totals - 1951, 1952, 1953.

9. Ages at death in 3 categories (Total Agency S.E. & S.A. '47-'53, incl.)

Note: Total of 42 in these 3 categories is 62% of grand total)

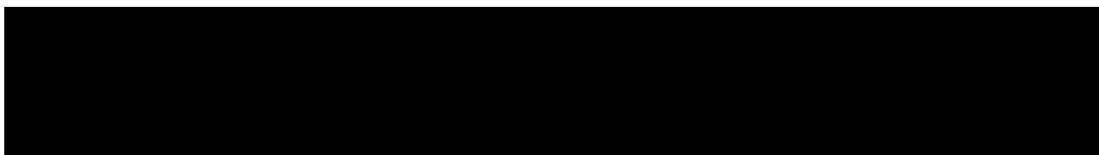
	<u>Heart</u> (25)	<u>Cancer</u> (11)	<u>Suicide</u> - (Location) (6)
24		1	
25			
26			25X1A6a
27			1
28			
29			1
30	2		
31			
32			
33	1		1 FE US
34			25X1A6a
35			1
36	1		
37			
38	1		
39	11		
40	1	11	
41			1 OTR US
42		1	
43			1 FE US
44	1	1	
45		1	
46	11		
47			
48		1	
49	1	1	
50	1		
51	111		
52			
53	1		
54	1		
55			
56			
57	1		
58		1	
59	1 1		
60			
61	1		
62			
63		1	
64	1		
65	1		
66			
67			
68			
69			
70		1	
71	1		
72	1		

AGES OF EMPLOYEES (STAFF EMPLOYEES AND STAFF AGENTS ONLY)

	<u>21-25</u>	<u>26-30</u>	<u>31-35</u>	<u>36-40</u>	<u>41-45</u>	<u>46-50</u>	<u>51-55</u>	<u>56-60</u>	<u>61-65</u>	No. <u>Over 65</u>
State										
Foreign Svc.	396	1225	1294	1017	598	438	287	208	92	4 29
Cum. No.		1621	2915	3932	4530	4968	5255	5463	5555	
Cum. %	7.1	29.	52	70	81	89	94	98	99	
Departmental	337	710	952	866	713	515	358	257	130	4 56
Cum. No.		1047	1999	2865	3578	4093	4451	4708	4838	
Cum. %	6.9	21.4	41.	58.5	73	83.2	91.	96.	99	

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CIA a/  
Cum. No.  
Cum. %



a/ CIA Under 21 [redacted] Figures are as of  
31 Dec. 1953 from Research Branch, Plans, Research  
& Development Staff, Office of Personnel.

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PART I

6. RECOMMENDATIONS, as to death

After consultation with the [REDACTED] and based upon their views as to how best approach our insurance problem in respect to death, the Task Force recommends the following plan:

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- a. Offer to all Agency Staff employees and Staff Agents, the opportunity to secure group term life coverage with conversion privilege and premium waiver for disability along the following lines:
  - (1) For salaries under \$3,200 annually, an optional coverage range with a minimum to equal the nearest \$1,000 of salary and a maximum of \$6,000.
  - (2) For salaries over \$3,200 annually, an optional coverage range with a minimum to equal the nearest \$1,000 of salary and a maximum of \$15,000.
- b. Add \$15,000 accidental death coverage to the foregoing in each policy.
- c. Provide in the plan for the same exclusion leeway as presently in the WAEPA contract and the same procedural (security) handling as Omaha Mutual Benefit Health & Accident Association now has with us in the hospitalization field.
- d. Put this plan up to United Benefit Life Insurance Company of Omaha, Nebraska for costing, i.e., for their firm offer as to premiums.
- e. Ask WAEPA to bid on this same plan.
- f. Take the product of Omaha's offer (and of WAEPA, if any) to the [REDACTED] for assessment against self-insurance on the same [REDACTED] would then not only point up the cost advantage (premiums) of self-insurance, but also outline risks to us in so undertaking.

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1. Facts in respect to death - as to existing available protective features in beneficiary coverage. These are:

a. Commercial Ordinary Life policies\*

(1) Most importantly for us is the matter of exclusions from coverage - and here the policies vary considerably. However, some aspects which are generally common are these:

(a) The incontestability period for all features of the policy is 2 years (all of those listed except New York Life, which is 1 year).

(b) The Basic (Face amount) Policy contains airflight exclusion as follows:

Any flight operated for military purposes or where the insured individual acts as a crew member, has duties aboard, parachutes or participates in a flight having testing, experimental or training purposes.

Non-Scheduled Airlines are not dealt with explicitly as such except by Prudential which won't cover any such flight.

(c) Invariably, all flights as a passenger in commercial scheduled airlines of any country are covered risks today. \*\*

(d) The Basic (Face amount) Policy contains war exclusions (declared or undeclared war) as follows:

Death arising from an act of war while in either military or civilian service outside the Home Areas or within 6 months after return to Home Areas. \*\*\*

\* Examination was made of sample policies from: Acacia, John Hancock, N. Y. Life, Omaha Un. Ben. Life, Guardian, Prudential, Travelers, Lincoln Nat'l., Penn Mutual.

\*\* "Scheduled Airlines" are commonly defined as follows: "Aircraft operated on schedule for commercial purposes by an incorporated and governmentally certified Scheduled Commercial Air Carrier over an established route between specified airports."

\*\*\* The Home Areas are commonly defined as the U.S., Canada, Panama, D. C., T.H., Puerto Rico and Virgin Islands.

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- (e) The Double Indemnity (twice the Face Amount) accidental death feature contains all the foregoing exclusions plus self-inflicted cause, illness or disease, gas or fumes, assault or felony, war, insurrection, riot, military service during time of war, and air flight in non-scheduled airlines.
- (2) The risks of Agency hazardous and semi-hazardous duty not covered by Ordinary Life policies are:
- (a) In respect to the Basic (Face Amount) policy:
1. Air flight in military or non-scheduled planes for the purpose of testing or training (TSS and TRS), for military purposes (OPS), acting as a crew member or with duties aboard, parachuting (OPS), and in some cases as a passenger in non-scheds (TRS, TSS, OPS).
  2. Exposure to an act of war (declared or not), military or civilians while outside home areas or during six months after return.
- (b) In respect to the Double Indemnity Accidental Death feature:
1. All of the above plus exposure to disease, illness, gas or fumes, assault, felony, riot, insurrection, military service, and air flight in non-scheds as a passenger.
- (3) It is to be noted that in addition to the above listed risks, there are 16 hazardous duty risks which, if revealed in the candidate's application for insurance or ferreted out by the agent, would probably either exclude acceptance or provide coverage, in some cases, at an excessive premium. However, given acceptance of the candidate on a non-hazardous occupation description, the policy is insecure for two years (the contestability period). The insurance companies are already suspicious of us.

b. National Service Life Insurance or U. S. Government Life Insurance

- (1) Both of these policies are GI - the latter available in World War I, and since, to that veteran if in active service, and NSLI during and since World War II without previous service. The only difference is that U. S. Government Life has a double ability feature for a small additional premium - NSLI does not.

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- (2) Both of these policies are incontestible from date of issue for any cause except fraud, in both death and disability features. i.e., NO exclusions.

c. Federal Employees Compensation Act

- (1) This act provides compensation for disability, death and medical care (including hospitalization) resulting from injuries suffered in performance of duties or from diseases proximately caused by employment. Exclusions from coverage are disabilities or death resulting from willful misconduct, self-inflicted action, or intoxication.
- (2) FECA - as to death benefits \*
- (a) Burial expenses up to \$400.00 plus transportation of remains to home.
- (b) Widow, no other dependents. 45% of pay \*\* not to exceed \$525.00 monthly until her death or remarriage.
- (c) Widow with 2 unmarried children under 18 years of age. 40% of pay to widow plus 15% for each child (total 70%) not to exceed (75% of pay in any case) \$525.00 total per month until death or remarriage of widow and until children marry, die, or reach 18 years of age as to their part.
- (d) No widow, 2 unmarried children under 18 years of age. 35% of pay for one child, 15% for the other not to exceed (75% of pay in any case) total of \$525.00 per month until children marry, die, or reach 18 years of age.
- (3) In summary, continuing death benefits to beneficiaries arising from injuries suffered in performance of duty or from disease proximately caused by employment are these - for the situations illustrated:

\* The statement of benefits below is translated later here with chosen examples.

\*\* The pay or salary rate for this purpose includes all amounts withheld for tax and retirement purposes plus value of subsistence, quarters and other considerations as part of pay.

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TAB B

<u>Beneficiary</u>	<u>GS-11 Employee dies in U. S.</u>	<u>GS-11 Employee dies in Frankfurt*</u>	
(a) Widow only	\$222.75	\$256.50	(monthly)
(b) Widow and 2 children	328.16	399.00	(monthly)
(c) 2 children only	239.16	285.00	(monthly)

- (4) This act is an exclusive remedy, but does not prevent the beneficiary from electing to receive the benefits of the Civil Service Retirement Act if she so desires, but she cannot receive such benefits concurrently with those under FECA.
- (5) All hazardous duty or semi-hazardous duty risks run by Agency employees are covered by FECA under the conditions of performance of duty or proximate cause resting in employment.

d. Civil Service Retirement Act

- (1) This Act provides death and disability benefits to employees of the U. S. Government with and without performance or line of duty qualification provided the employee has acquired minimum eligibility of a total of five years of civilian service \*\* - intermittent or otherwise. As noted in the previous analysis of FECA, no continuing benefit under this Act can run concurrently with FECA benefits. The individual concerned (employee or beneficiary) may choose.
- (2) Exclusions from coverage are common with FECA, i.e., willful misconduct, vicious habits and intemperance, with respect to disability only.
- (3) The continuing benefits are annuity, in nature, computed as a percentage of the highest five-year average base salary modified by the years of creditable service. Military service can be added to the civilian years for this computation. No additions for overseas allowances are permitted as in the case of FECA.

\* "Pay" includes the addition of \$900.00 quarters allowance annually.

\*\* Under 5 years of service, or more than 5 years with no widow or dependent children, the Act provides for a lump sum of amount paid-in, plus interest.

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TAB B

(4) As to death benefits: \*

(a) Widow - no other dependents.

50 % of employee's then annuity benefit, attainable when widow reaches age 50, and terminable when she dies or remarries.

(b) Widow and 2 children. Immediately payable.

50% of employee's then annuity benefit, plus to each child 50% of the widow's annuity, not to exceed \$900.00 annually, divided by the number of children, or \$360.00 annually, whichever is lesser - terminable to each child on death or marriage or attainment of age 18, except that if such child is incapable of self-support, terminable on death, or marriage or recovery. Upon death of widow, recompute as in (c) below.

(c) No widow, 2 children only. Immediately payable

50% of employee's then annuity benefit to each child not to exceed \$1200.00 annually divided by the number of children or \$480.00 annually, whichever is lesser - terminable as above in (b) and, in case of termination to one child, recompute as if that child had not survived the annuitant, i.e., a case of one child only.

(d) In summary, as to continuing benefits to dependents.:

<u>Category</u>	<u>Employee</u>	<u>Employee</u>
	<u>GS-11</u>	<u>GS-11</u>
	<u>9 yrs. svc.</u>	<u>15 yrs. svc.</u>
Widow only	\$33.42	\$55.69 monthly (at age 50)
Widow plus 2 children	66.84	111.39 monthly (immediately)
2 children only	66.84	80.00 monthly - max. (immediately)

\* The statement of benefits below is translated later here with chosen examples.

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e. Public Law 110 as to death - on PCS abroad

- (1) Pay the cost of preparing and transporting the remains of an employee, or member of his family, who may die in travel status or abroad ..... to appropriate place of interment .....

f. War Agencies Employees Protective Association (WAEPA)

- (1) This is a non-profit association independent of the U. S. Government, which provides death benefits only, in two (2) categories - term life insurance and accidental death, and only to civilian employees of the U. S. Government.
- (2) This insurance is effective only when the individual is actively employed, not including terminal leave. Eligibility extends to age 60 and membership in the Association terminates at age 65 or upon entry into the Armed Forces of any country. Membership is open to any employee of this Agency "who may go overseas at some future time." (see Appendix II) and without a medical examination, if he applies within 60 days "after becoming eligible." If application is later than these 60 days a "statement of health" is required. Eligibility extends to any individual paid from appropriated funds of this Government (see Appendix III). On termination of government service the term life feature may be converted into one of the Underwriters standard ordinary life policies, without medical examination.
- (3) The policy is effective on the date of application if the application is acceptable to the Association. There is no contestible period as in Ordinary Life policies and, in respect to the term insurance part of the policy, no exclusions of any kind. The accidental death feature has these five (5) exclusions:
  - (a) Bacterial infections (except pyogenic infection arising from accidental wound).
  - (b) Any kind of disease.
  - (c) Medical treatment (except from accidental injuries).
  - (d) Suicide
  - (e) Air flight in non-scheduled flight, unless under orders of the U. S. Government, and in any flight as a crew member of the plane (see WAEPA letter 15 January 1953, Appendix I herewith).

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TAB B

(4) Death benefits now are:

<u>Salary*</u>	<u>Term Life Ins.</u>	<u>Accidental Death</u>	<u>Total</u>
3200 or over	12,000	15,000	27,000

(5) Costs are:

Age up to 41	\$8.33 per month	25.00 Quarterly	100.00 Annually
Age 41 to 51	10.42 per month	31.25 "	125.00 "
Age 51 to 65	12.50 per month	37.50 "	156.00 "

(6) The underwriters are:

- (a) Equitable Life Assurance Society of the U. S. as to the term feature.
- (b) American Casualty Company of Reading, Pa. as to the accidental death benefit.

(7) Our experience with WAEPA is as follows:

(a)	<u>Premiums Paid Total</u>	<u>Benefits Paid Total</u>
1947	7,915.25	0
1948	11,630.00	0
1949	14,615.50	0
1950	20,299.43	0
1951	55,400.82	27,000.00 1 death
1952	117,437.29	12,000.00 1 death
1953	<u>156,547.46</u>	<u>18,103.00 3 deaths</u>
	383,845.75	57,103.00

(b)	<u>Premiums Paid Av. per month</u>	<u>Rate of Coverage by persons - years **</u>
1947	791.00	79.00
1948	969.00	116.00
1949	1,218.00	146.00
1950	1,691.00	203.00
1951	4,616.00	554.00
1952	9,786.00	1,174.00
1953	13,045.00	1,565.00

\* This salary is about GS-4; for salaries below this figure (\$3200), the benefits and costs are approximately one-half of the amounts shown above. See rates in Brochure.

\*\* Persons - years: assuming ages up to 41 premium is \$100.00 for an individual for a year.

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(c) Length of time contracts in force 1947-1953 inclusive.

	<u>Cancelled Contracts</u>	<u>Existing contracts in force as of 1 Jan. 1954</u>
Up to 3 mos.	56 (10%)	113 (7.7%)
" " 7 "	169 (30%)	201 (13.7%)
" " 13 "	119 (22%)	197 (13.5%)
" " 19 "	70 (13%)	259 (17.7%)
" " 25 "	60 (11%)	258 (17.7%)
" " 31 "	45 (8%)	201 (13.7%)
" " 37 "	20 (3.6%)	127 (8.7%)
" " 43 "	7	73 (5.0%)
" " 49 "	1	9
" " 55 "	0	4
" " 61 "	3	5
" " 67 "	2	7
" " 73 "	1	5
" " 79 "	0	1
" " 85 "	<u>0</u>	<u>1</u>
Total	553	1461

(d) Modifying factors in the above are:

1. in 1950 WAEPA added \$2000 to the term coverage
2. in 1951 " added \$15,000 accidental death coverage
3. in 1953 WAEPA added eligibility liberalization to read: "... available to anyone (in CIA) who may go overseas at some future time." Previously, overseas orders had to be cut.
4. Bad Agency publicity.

(8) DDI reports no interest in risk coverage on the part of his people but a good interest in group life (term) coverage. They feel that with 99% of them not going overseas at any time, they would be straining the truth to apply for WAEPA.

(a) He also reports that they don't know the exclusions in their O. L. policies. Nor do they know anything about F.E.C.A.

g. Recapitulation as to continuing benefits after death.

(1) In order to assess practically the asset values to the beneficiary in existing available protective measures, certain assumptions as to asset (or proceeds) disposition methods are utilized as follows:

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TAB B

- (a) The widow's age is assumed at 30 years (because of the general youth of the Agency employees) in both examples to follow, i.e., widow is the only beneficiary in the first case, and widow and 2 children in the second - ages 5 and 6 years.
- (b) As to Ordinary Life Insurance. There is assumed a policy of \$10,000 face with double indemnity for accidental death.

The widow chooses to receive the proceeds immediately in the form of a monthly life income (20 years certain) in both examples. Disposal of these proceeds is illustrated by utilizing option 4, under an Ordinary Life policy written by United Benefit Life Insurance Co. of Omaha, Nebraska. The benefit is \$30.50 per month for the face of policy, or \$61.00 per month with the Double Indemnity feature.

1. The proceeds of this policy are not taxable as income unless left with the company at interest. Such interest is taxable.

- (c) As to FECA, in the summary following here, the examples shown in the analysis heretofore are used.

1. The benefits here are not taxable as income.

- (d) As to CSRA, it is seen that its value is small - is of no consideration in the case of death in performance of duty, and is applicable under line-of-duty or not, to a widow alone only when she reaches 50 years. To a widow with children benefits are applicable immediately but are small.

1. The benefits here are taxable as income under the annuity rule. (3% of total salary deduction until tax equals deduction, then all taxable.)

- (e) As to WAEPA in the term feature, it is assumed that the employee chose proceeds disposal on the basis of monthly installments payable immediately on his death for the 15-year period. This pays \$6.53 per month per \$1,000 of policy face (\$12,000 now), i.e., a total of \$78.36.

1. The proceeds here are not taxable as income, in the same way as Ordinary Life.

- (f) As to WAEPA, in the accidental death feature, which must be paid in a lump sum (\$15,000 now), it is assumed that the single beneficiary (wife only, age 30) is better served by her purchase of a single premium Deferred,

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TAB B

Refunding Life Annuity payable in 20 years at her then age of 50 years (or earlier for less amount if she chooses or needs). On this basis, Guardian Life of N.Y.C. will, in 20 years, accumulate a cash value for her of \$24,135 and then pay her \$94.13 monthly for life and also refund the unused balance to her specified beneficiaries.

However, under this feature, in respect to the second example (the employee's beneficiaries are wife and 2 children, ages 5 and 6), it is deemed the part of wisdom for her to use the principal as she chooses under a Trust Fund arrangement, for a minimum of 12 years (until the children are 18 years old). The trusts now pay about 4% average on the investment and charge 5% on the fund earnings. This will net the beneficiary additional earnings over 12 years of about \$3,000 total, or an average earning of about \$250 per year. She takes out \$125.00 per month average for 12 years and uses up the principal.

1. The proceeds under WAEPA accidental death feature are not taxable as income, except as to interest or earnings.

(g) As to CSRA (Civil Service Retirement Act) benefits, even though the beneficiary can choose as between CSRA and FECA, there is really no competition between the two. Each was designed for a different purpose. However, outside of performance of duty death, the sole beneficiary (widow only) waits until she is 50 years of age to benefit in a small way under CSRA. The widow with 2 children secures somewhat larger, though relatively small, benefits immediately following death, under CSRA. Here again there's no competition with FECA, hence the great importance of interpretation as to "performance of duty." The two cases used in the analysis proper are again utilized in the following summary.

1. The proceeds are taxable as income under the annuity rule.

(h) In respect to National Service Life Insurance (veteran), the 15-year installment method of paying proceeds is chosen @ \$6.11 monthly per \$1000 of policy face. This is \$61.10 monthly.

1. These proceeds are not taxable as income.

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SUMMARY OF EXISTING AVAILABLE PROTECTIVE ASSETS IN TERMS OF THE PROCEEDS - DISPOSAL PLANS CHOSEN (MONTHLY PAYMENTS)

ASSUMPTIONS:

1. DEATH OF A GS-11 WITH 9 YEARS SERVICE
2. BENEFICIARY - AGE 30

BENEFICIARY	ASSET	PERFORMANCE OF DUTY				LINE OF DUTY OR NOT*		
		WITH ORDINARY LIFE		WITHOUT ORDINARY LIFE		WITH ORD. LIFE	WITHOUT ORD. LIFE	
WIFE ONLY	ORDINARY LIFE INSURANCE (FACE)	30.50				30.50		
	" " " (D.I.)	30.50				30.50		
	FECA 25X1A6a	222.75	(+ 34.00)	222.75	(+ 34.00)			
	CSRA							+ 33.42 AT AGE 50
	WAIPA (TERM) -	78.36		78.36		78.36	78.36	+ 94.13 AT AGE 50
	" (ACCIDENTAL DEATH)							+127.55 AT AGE 50
	TOTAL 25X1A6a	362.11	(+ 34.00)	301.11	(+ 34.00)	139.36	78.36	
	NSLI	61.10		61.10		61.10	61.10	
	TOTAL 25X1A6a	423.21	(+ 34.00)	362.21	(+ 34.00)	200.46	139.46	+127.55 AT AGE 50
	WIFE AND TWO CHILDREN	ORDINARY LIFE INSURANCE (FACE)	30.50				30.50	
" " " (D.I.)		30.50				30.50		
FECA 25X1A6a		328.16	(+ 71.00)	328.16	(+ 71.00)			
CSRA						66.84	66.84	IMMEDIATELY AT DEATH
WAIPA (TERM)		78.36		78.36		78.36	78.36	
" (ACCIDENTAL DEATH)		125.00		125.00		125.00	125.00	TRUST FUND
TOTAL 25X1A6a		592.52	(+ 71.00)	531.52	(+ 71.00)	331.20	270.20	
NSLI		61.10		61.10		61.10	61.10	
TOTAL 25X1A6a		653.62	(+ 71.00)	592.62	(+ 71.00)	392.30	331.30	

\* ANY DEATH OUTSIDE OF PERFORMANCE OF DUTY

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**APPENDICES**

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APPENDIX V

EMPLOYEE GROUPS

**DEFINITION:** By CIA regulation (CFRs, Section 14) the following four categories of employment are employees of the U. S. Government, and no employee rights as specified in legislation can be denied them.

1. Staff Employees
2. Staff Agents
3. Career Agents
4. Contract Employees

The Contract Agent is not an employee unless control of his activities is close and continuous in which case he might be able to prove qualification.

In respect to Career Agents CFR 14.7 - deductions from salary are made for Civil Service Retirement Act and ...the Career Agent ..."will automatically come under the coverage of FECA and PL 110. Benefits of the Missing Persons Act may also be granted, and where compatible with security and operational standards, career agents may subscribe, if eligible, to hospitalization and life insurance plans which are available to Agency employees." # 1

In respect to the Contract Employee, CFR 14.8 - no deductions will be made from salary under the Civil Service Retirement Act...however, "such periods of service would be available as creditable service for retirement purposes upon deposit by the individual of a sum equalling the deductions based upon salary paid during that period." Also, (the Contract Employee) "will be entitled to the benefits of FECA and PL 110, and his contract shall so state. Benefits of the Missing Persons Act may also be granted and, where compatible with security and operational standards, the Contract Employee may subscribe, if eligible, to hospitalization and life insurance plans which are available to Agency employees." # 1

#1 Per GOPS - DD/P January '54, all four categories eligible for life insurance; only Staff Employees and Staff Agents eligible for Agency hospitalization.

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## APPENDIX VIII

16 October 1953

MEMORANDUM FOR: Mr. [REDACTED]  
Room 2316 K Building

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SUBJECT : Operational Risks

In accordance with our conversation yesterday I list herewith EE Division's ideas of the special operational risks that are entailed in connection with Agency employment abroad.

1. Travel. This includes very excessive air travel, both on scheduled and non-scheduled routes. It also includes rather marginal air travel, such as getting around [REDACTED] by Jeep plane and operational flights under the worst of circumstances. Virtually all forms of sea transport would be involved, such as naval (including sub-surface), civilian and indigenous.

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2. Health. This will include risk of serious diseases prevalent in the area, general physical disabilities resulting from the climate and conditions and the omnipresent risk to the mental health of the employee which, as you know, can reach its most aggravated form. These risks to health are frequently further aggravated by lack of proper medical attention in some of the areas involved.

3. Hazardous duty.

a. Training operations, which of course include jump and explosives training.

b. Action of the enemy, including enemy agents in friendly countries.

c. Operations in denied areas. It should be noted here that from time to time these operations have been conducted by staff employees without the knowledge or consent of Headquarters, but in furtherance of the basic mission. I raise the point to indicate that there should be no technicalities with respect to appropriate clearance of such operations.

4. Dungeons, both in and outside of denied areas.

5. Civil riots and insurrections.

6. Miscellaneous Items

a. Coverage of members of the family is of great importance.

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b. Frequently an agent is recruited in the cover job which he will use operationally. His association with the Agency poses a threat to his continued employment in that cover job, especially if there is a blow. A similar risk to the business itself is run by an existing company used for cover.

c. It is most important that U. S. Contract Agents should be covered by such a policy. In their case the risks are frequently greater and insurance coverage available to them is less.

d. I mentioned to you in our conversation that it might be advantageous to provide that the decision of the Agency regarding the date of death should be final if this can be legally achieved.

/s/



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Deputy Chief, FE

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APPENDIX IX

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October 1953

Miscellaneous Expressions of Interest in Insurance from Random  
Selection of DD/P Officers

1. Good hospital and surgical benefits plans for overseas dependents - this inclusive of proprietary companies. [REDACTED] 25X1A9a

25X1A9a

2. Raise WAEPA basic limits of group insurance coverage. [REDACTED]

25X1A9a

3. Policy to cover transportation risks per se - all kinds. [REDACTED]

4. Mutual type insurance group operated by Agency similar to that of Army and Navy - would be best as far as security breaches go re Covert Personnel.

5. Investigate Blue Cross, believes offers more coverage overseas than company we now subscribe to.

6. Something to cover hazardous duty. (He never heard of FECA)

7. Protection for injury or death in line of duty which would provide living expense for family in the states.

8. Something similar to Trip Insurance obtainable at Airport - at reasonable rate; would be benefit to have included in regular processing routine, sometimes forget to pick up at Airport - method to be as simple as possible.

9. Accidental death and injury in line of duty.

10. Health, physical, mental and injury coverage overseas other than in line of duty - CIA unlike the State Department does not cover employees for illness or injury incurred other than in line of duty.

11. Travel insurance, short term.

12. Transportation insurance - employees should not have to afford this.

13. Re WAEPA - Too high for short period; too long minimum period. Follow-up on return for possible interest in keeping WAEPA. Have WAEPA also cover personnel who do not anticipate travel. WAEPA requires too many forms being filled out.

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APPENDIX 2

PROCEDURE AND SOURCES IN OBTAINING  
CIA AND OTHER DEATH AND DISABILITY FIGURES

The method of arriving at the CIA figures is noted for the record as follows:

25X1A9a With respect to death, a clerical task force (up to 4 people) supervised full-time by a borrowed intelligence officer from PP - (Mrs. ██████████) examined every card in the Inactive Service Record Card file, to spot postings of "termination by death". The name of each person so terminated was noted on an inventory sheet (sample attached) together with other personal data shown as called for by the inventory sheet. (Data called for was specified by ██████████) Cause and place of death - not showing here, was sought in the individual's personnel folder (where for the most part it didn't show either). Search then went to the offices and division. The inventory sheets were all completed. 25X1A5a1

In respect to the statistics on death, in one known case the personnel file (the card file of personnel actions) showed no card at all for the employee. (This was a 1953 death). In another instance, the card showed "resignation". This, of course, raises the question of other possible missing or mis-leading cards, most especially for the earlier years. In another case the clerical task force missed the record entirely because the notation of termination by death showed on a second attached card underneath the first, in spite of plenty of posting room remaining on the upper card. Of course the task force could have missed for other reasons too.

25X1A5a1 As to disability, the same task force and supervisor examined all records of hospitalization and surgical instances as shown in the Omaha and GHI files of the Insurance Branch of the Personnel Office. Desired information as called for on a disability inventory sheet was posted (specifications on this sheet obtained from Mr. ██████████) - each case to a separate sheet. (Sample attached) Then these sheets were coded for IBM.

25X1A9a All of this disability work was under the general supervision of ██████████, Chief, Research Branch, Plans, Research Development Staff, Personnel Office.

25X1A With respect to Staff Agents, the records were set up properly in February 1953. Previous to that, for a little time at least, on ██████████ have been made and sent to the Inactive Service Record file. Of four known Staff Agent deaths, only one such card was found. Then, at another time, the Service Record Card held by the Personnel Office responsible for its original creation, was sent with the individual's personnel folder to archives, hence is buried with thousands of others,

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who are inactive for any cause.

For the years desired, 1947-1953 inclusive (in respect to death), dependence had to be placed on memories. Four memories from OGC were substantiated. The Agency Security Office, Medical Office and Divisions of DD/P were circularized. and brought forward no new names.

In addition, the action file of Fiscal, to the Civil Service Commission, was checked. This process produced ten fewer names than Personnel's Inactive Service file but included two new ones.

In addition, Personnel's Inactive Service file was thoroughly checked through again. Sixty-seven records of death were turned up against the original sixty-two, but this included corrections made since the first effort. One new name was turned up. (but this process missed four names caught originally!) This re-check was supervised personally by [REDACTED]

25X1A9a

The employees' personnel folders are in generally poor shape, filled with duplicate papers, somewhat inconsistent in arrangement of material, and incomplete as to cause and place of death. In many cases the information as to cause and place of death had to be obtained from individual memories or records within the operating branches. Such memories were accepted because in each case an informant was found who could assert with complete confidence of accuracy. With due use of cryptonyms in those few cases where necessary, there is no reason why the "termination by death" record on Form 50 can't show cause and place. (This has been informally agreed to by [REDACTED])

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Sources of Figures for CIA, Dept. of Agriculture  
and Department of State

CIA - Average Monthly strength for the year. This method was specified by [REDACTED] 30 December 1953. The figures came from Research Branch, Plans, Research and Development Staff, Personnel Office.

In respect to the CIA strength reports, one can take the years 1951, 1952 and 1953 as solid and correct. For the earlier years shown, there is unquestionably some--probably small--variation as to what is included and what not and when. All figures come from official reports.

State - These figures are from Howard Macc, Chief of the Placement and Career Development Branch, Personnel Operations Division, Office of Personnel, Department of State.

The population or strength figures for the Foreign Service are averaged for the year from monthly figures except for 1949 - which year is a "budget average." The Departmental yearly averages are also "budget averages" except 1953 which is averaged from monthly postings.

Agriculture - These figures are from Mr. J. M. Kemper, Secretary-Treasurer of the Department of Agriculture Beneficial Association. The "strength" is total membership as of 15 September of each year. ("Deaths" include 10-12 cases of permanent and total disability which Kemper estimates is correct for the total in these 5 years and also include membership and deaths of retirees who kept their policies.) T. Roy Reid, Personnel Director of the Department, estimates that Agriculture has about 56,000 employees - thus making Kemper's membership 29% of the total eligible group. This fact, plus inclusion of retirees, plus the unchanging yearly level of memberships, leads to the suspicion that the age level of this membership is high. (Kemper was uncooperative when asked if he could supply age data.)

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25X1A5a1

Re : Deaths (Staff Employees)

Name \_\_\_\_\_ Sex \_\_\_\_\_

Date of Employment \_\_\_\_\_

Last Office \_\_\_\_\_ Title \_\_\_\_\_

Last Assignment (nature)

When so assigned \_\_\_\_\_ How many others so assigned \_\_\_\_\_

Date of birth \_\_\_\_\_

Date of death \_\_\_\_\_

Place of death (country) \_\_\_\_\_

Cause of death \_\_\_\_\_

POLICY NO.

CLAIM NO.

VOUCHER NO.

Re: Hospitalization & Surgical (Staff Employees & S.A.'s)

Name \_\_\_\_\_ Sex \_\_\_\_\_

Assignment (Office) \_\_\_\_\_

Date of Birth \_\_\_\_\_

Nature of Illness \_\_\_\_\_

Place of Illness (Country) \_\_\_\_\_

Period of Illness \_\_\_\_\_

Benefits Paid By \_\_\_\_\_ Actual Cost

Hospital New H.

Surgical S.

Extras E.

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Appendix XI

14 January 1954

MEMORANDUM FOR: Members of the Insurance Task Force

SUBJECT : Exploratory discussion with representatives from OMAHA on  
14 January 1954 by [REDACTED]

25X1A9a

1. In regard to OMAHA's matching GHI surgical benefits, the actuary stated that their premium rates would change as follows:

	<u>From</u>	<u>To</u>	<u>Additional</u>
Single Contract	\$1.60	\$1.76	\$.16
Individual and Spouse	4.75	5.64	.89
Family	6.00	6.80	.80

2. Please note that the increase in the family rate is less than that for an individual and spouse. This is due to the fact that previous rates were incorrect, and the actuary wiped out the inconsistency in proposing us the new rates.

3. In regard to OMAHA's complete matching of GHI, they need certain dependency figures for overseas, now in process of preparation by Research Branch, PRDS. This information will be given in percentages only (approved by the Director of Security personally.)

[REDACTED] 25X1A9a

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APPENDIX XIII

Excerpt from Today's Woman, 1953 (Fawcett Publications, Inc.)  
Written by Jack Harrison Pollack

"Perhaps the most satisfactory health insurance today is found in the seventy odd comprehensive non-profit plans throughout the United States. Usually sponsored by co-operatives and built around the group-medical-practice idea which made the Mayo Clinic famous, they furnish in a single package virtually all of the medical and surgical care you and your family may require. When held along with Blue Cross they offer nearly complete health coverage.

'From the patient's point of view they're better because they emphasize preventive medicine,' a top doctor told me.

Typical of these plans are San Francisco's Permanente Health Plan; the Seattle and St. Louis Group Health Associations; the Elk City, Oklahoma, Farmers' Co-operative Plan; New York City's bustling Health Insurance Plan (HIP).

HIP is America's outstanding comprehensive prepaid medical plan. Terming it "the finest experiment of its kind," The New York Times editorialized: "For actuarial and medical soundness, HIP has no superior. It is unique, a model for the country." In 1951 HIP received the Lasker Award for distinguished public-health service.

Designed mainly for families with incomes under \$6,500, HIP members never see a doctor's bill nor are they saddled with extra charges. There are no age limits or waiting periods and you can be treated for anything from a common cold to the most complicated surgery. HIP's 400,000 members include employees of the City of New York, the United Nations and over 300 business firms, unions and social agencies - and their families. Their employers pay half the cost, employees pay the rest. The total cost ranges from \$42.72 a year for one person to \$128.15 a year for three or more persons."