

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

PROVIDENCE, SC

SUPERIOR COURT

(FILED: February 8, 2017)

**RHODE ISLAND AMERICAN
FEDERATION OF TEACHERS/
RETIRED LOCAL 8037, et al.
Plaintiffs,**

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v.

C.A. PC 2015-3044

**JOHNSTON SCHOOL COMMITTEE, et al.
Defendants,**

DECISION

KEOUGH, J. Before the Court are the parties’ Cross-Motions for Summary Judgment pursuant to Rule 56 of the Rhode Island Superior Court Rules of Civil Procedure (Rule 56). Agreeing that there are no issues of material fact in dispute, the parties are seeking an interpretation and application of the rights and protections provided in G.L. 1956 § 16-16-42, “Life insurance benefits,” which allows for retirees to maintain a life insurance policy as part of their employment benefits. This Court exercises jurisdiction pursuant to the Uniform Declaratory Judgments Act, G.L. 1956 § 9-30-1.

I

Facts and Travel

Rhode Island American Federation of Teachers/Retired Local 8037, et al. (Plaintiffs or RIAFT/R Local 8037) seek “to enforce state law regarding the cost of retiree life insurance benefits guaranteed to retired public school teachers.” First Am. Compl. at ¶ 1. RIAFT/R Local 8037 is an association of retired Rhode Island public school teachers who are specifically representing retired school teachers from the Johnston School Department. Id. at ¶ 3. All

Plaintiffs in this case retired on or after January 1, 2011 from the Johnston School Department.

See Pls.' Ex. A, Aff. of Roger P. Boudreau.

In 1986, the Rhode Island General Assembly passed § 16-16-42, which states:

“Life insurance benefits. – Notwithstanding any other provision of law to the contrary, any member who, at the time of retirement from service, has in effect life insurance provided for as a benefit of his or her employment shall, after retirement, be entitled to keep the policy of life insurance in effect by paying to the city or town an amount equal to the annual cost of the policy for the individual at the time of the individual’s retirement. The policy of insurance shall remain in effect for so long as the member continues to make annual payments.”

Moreover, each retiree plaintiff in this case was a retiree from the Johnston School Department (Town, School Department, or Defendants), and their employment was governed by a collective bargaining agreement (CBA) that contained a provision stating that the School Department would provide life insurance in the amount of \$45,000. First Am. Compl. at ¶ 31; Defs.’ Ex. 3, Sept. 1, 2008-Aug. 31, 2011 CBA. While actively employed, the School Department paid for the premium, but retirees could assume responsibility for paying the premium upon their retirement if they chose to continue the policy. Pls.’ Exs. A and C. Upon retirement, the School Department informed each retiree of their option to keep their life insurance policy at its annual cost. First Am. Compl. at ¶ 34. Plaintiffs contend that originally, the retirees paid an amount equal to the annual cost of the policy for the individual at the time of the individual’s retirement. Id. at ¶ 35. Up until July 2010, the cost of the life insurance policy for both active and retired employees was \$.45/\$1000.

At the end of 2010, the Town changed insurance companies to Minnesota Life. The Town chose a policy where the active employees’ rate would be reduced to \$.104/\$1000 and retired employees’ rates would increase to \$1.05/\$1000 for the period of January 1, 2011 through

June 30, 2013. Pls.’ Ex. G. Plaintiffs contend that many of their policy rates increased dramatically upon retirement.

In 2012, the School Department changed its policy for retirees who retired before January 1, 2011 by reducing their rate back to .45/\$1000. Pls.’ Ex. I. Additionally, the School Department credited each retiree with overpayment. Id. Individuals who retired on or after January 1, 2011 were not provided with this same offer. Moreover, in August of 2013, the Town entered into a subsequent agreement with Minnesota Life, effective from September 1, 2013 through August 31, 2016, to provide basic life insurance for active employees at a rate of \$.13/\$1000 and for retirees at \$1.90/\$1000. Accordingly, the structured rate changes would appear as follows:

Time	Active	Retired
Up to January 1, 2011	\$.45/\$1000	\$.45/\$1000
January 1, 2011- September 1, 2013	\$.104/\$1000	\$1.05/\$1000
September 1, 2013-August 31, 2016	\$.13/\$1000	\$1.90/\$1000

Plaintiffs filed a Complaint with the Superior Court on July 16, 2015. They later filed a First Amended Complaint on August 20, 2015. Count I of the First Amended Complaint is for a Declaratory Judgment pursuant to § 9-30-1 seeking the Court to determine that Defendants must provide the life insurance policy “at an annual cost that was in effect on the last day of his or her employment” as well as other relief. First Am. Compl. at ¶¶ 40-43. Count II alleges a breach of contract and seeks damages in the amount of the difference between the cost paid for insurance at the time of retirement and the increase. Id. at ¶¶ 44-46.

Plaintiffs, in their Motion for Summary Judgment, ask this Court to declare that the statute requires the School Department to provide life insurance to each retiree at the same annual cost that was in effect on the last day of his or her employment. Thus, whatever the

Town paid as a rate at the time of retirement, the retiree should take over at that rate. Moreover, Plaintiffs ask the Court to restore their rate to that of when the individual retired and assess damages for the increased costs paid.¹

Defendants also filed a Motion for Summary Judgment asking the Court to enter judgment against the Plaintiffs. Defendants contend that there are no material facts in dispute and urge the Court to declare that the statutory language allows for the Town to have both an active employee and retired employee rate.

II

Standard of Review

Summary judgment is proper when “no genuine issue of material fact is evident from the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, and the motion justice finds that the moving party is entitled to prevail as a matter of law.” Smiler v. Napolitano, 911 A.2d 1035, 1038 (R.I. 2006). The burden lies on the nonmoving party to prove that there exists a disputed issue of material fact. Senn v. MacDougall, 639 A.2d 494, 495 (R.I. 1994). Where it is concluded ““that no genuine issue of material fact exists and that the moving party is entitled to judgment as a matter of law,”” summary judgment shall enter. Malinou v. Miriam Hosp., 24 A.3d 497, 508 (R.I. 2011) (quoting Poulin v. Custom Craft, Inc., 996 A.2d 654, 658 (R.I. 2010)). The nonmoving party bears the burden of proving by competent evidence the existence of a disputed issue of material fact and cannot rest upon mere allegations or denials in the pleadings, mere conclusions or mere legal opinions. Mruk v. MERS, 82 A.3d 527, 532 (R.I. 2013).

¹ The parties have agreed to limit the scope of the Rule 56 Motion to Count I of the Complaint and are not seeking a determination of the damages that may be owed.

III

Analysis

It is within this framework that the Court turns to the sole issue before it, that being the statutory interpretation of § 16-16-42.² Plaintiffs contend that pursuant to this provision, retired teachers should be able to keep their policy during retirement by paying the annual cost of the policy. Moreover, each retiree's CBA contains a provision stating that each member would be provided with life insurance in the amount of \$45,000. Therefore, Plaintiffs contend that the plain language of the statute, which is unambiguous, requires the School Department to provide retirees with the life insurance policy that was in effect at their retirement at the same annual cost that each retiree paid before retirement. In short, Plaintiffs insist that there cannot be a different retiree rate.

Defendants also argue that § 16-16-42 is unambiguous, but interpret the language to mean that the retirees have the option of retaining their life insurance policy into retirement at the rate in effect beginning at the retiree's retirement. The Defendants maintain, however, that there is no requirement that the retirees be given the same rate that they received as an active employee. Therefore, the School Department insists that whatever the *retiree rate* is when the individual retires will be his or her cost to continue the policy.

² Botelho v. City of Pawtucket Sch. Dep't, 130 A.3d 172, 176 (R.I. 2016) (“The determination of whether a contract’s terms are ambiguous is a question of law to be decided by the court.”) (quoting JPL Livery Servs., Inc. v. R.I. Dep’t of Admin., 88 A.3d 1134, 1142 (R.I. 2014)); Matter of Falstaff Brewing Corp. re: Narragansett Brewery Fire, 637 A.2d 1047, 1049 (R.I. 1994) (the sole issue on appeal is a question of law concerning the interpretation of a criminal statute).

When tasked with interpreting a statute, the Court’s “ultimate goal is to give effect to the purpose of the act as intended by the Legislature.” Ryan v. City of Providence, 11 A.3d 68, 70-71 (R.I. 2011) (citations omitted). To determine the intent of the General Assembly in enacting any particular provision, the Court must examine “the language, nature, and object’ of the enactments of that body.” Chambers v. Ormiston, 935 A.2d 956, 959–60 (R.I. 2007) (quoting In re Estate of Gervais, 770 A.2d 877, 880 (R.I. 2001)). The Court should look to the statute as a whole to best determine the Legislature’s purpose, with the best evidence of such intent to be found in “the plain language used in the statute.” Kingston Hill Acad. v. Chariho Reg’l Sch. Dist., 21 A.3d 264, 271 (R.I. 2011). Thus, a clear and unambiguous statute should be literally construed. Id. (quoting Steinhof v. Murphy, 991 A.2d 1028, 1036 (R.I. 2010) (internal quotation marks omitted)).

Accordingly, the first step in statutory construction is to “see whether or not the statute in question has a plain meaning and therefore is unambiguous[.]” Chambers, 935 A.2d at 960. If the Court finds that the statute is clear and unambiguous, then the “Court must interpret the statute literally and must give the words of the statute their plain and ordinary meanings.” State v. Diamante, 83 A.3d 546, 548 (R.I. 2014) (quoting Accent Store Design, Inc. v. Marathon House, Inc., 674 A.2d 1223, 1226 (R.I. 1996)). If the statute is unambiguous, the Court’s role in interpreting the statute is complete. Diamante, 83 A.3d at 550.

If, however, the Court finds that the language is ambiguous, then the Court “must engage in a more elaborate statutory construction process,” in which the Court employs the “canons of statutory construction” and examines the statute in its entirety. Chambers, 935 A.2d at 960; Diamante, 83 A.3d at 550. A statute is ambiguous if “a word or phrase in a statute is susceptible of more than one reasonable meaning.” State v. Hazard, 68 A.3d 479, 485 (R.I. 2013) (quoting

Drs. Pass and Bertherman, Inc. v. Neighborhood Health Plan of R.I., 31 A.3d 1263, 1269 (R.I. 2011)). Nevertheless, the Court “will not import ambiguity into a statute where none existed by resorting unnecessarily to the rules of statutory construction.” New England Die Co. v. Gen. Prods. Co., 92 R.I. 292, 297, 168 A.2d 150, 153 (1961) (citing Weimar v. Newman, 78 R.I. 221, 80 A.2d 887 (1951)).

The pertinent portion of § 16-16-42 provides that members who have life insurance in effect at the time of retirement from service shall be entitled to keep the life insurance policy “by paying to the city or town an amount equal to the annual cost of the policy for the individual at the time of the individual’s retirement”. (Emphasis added.) The plain language of the statute indicates that the retiree is entitled to maintain the policy by taking over the premiums at retirement. The language further provides that the amount that the retiree must pay is “equal to the annual cost of the policy.” Id. Each year the Town pays a certain amount for each policy for each employee. As there is no other annual cost, the only plausible meaning is that the Legislature intended the retiree to be substituted as the payor on the already established plan at the rate paid by the Town. In that the statute is not “susceptible of more than one reasonable meaning,” this Court finds that § 16-16-42 is unambiguous, and the Court must apply the plain meaning of its provisions. Accordingly, pursuant to the clear statutory mandates, the Town is required to provide retirees the option of maintaining the life insurance policy that was in effect at the time of their retirement at the same annual cost each retiree paid before his or her retirement.

In so doing, this Court hastens to add that it is mindful of the ever increasing burdens on cities and towns as they struggle to meet the escalating costs of retiree benefits. Indeed, the Town’s response and desire to implement a common-sense, practical policy intended to mitigate

the risk of a deepening crisis and achieve fiscal stability is commendable.³ However, it is the duty of this Court to determine the law, not make it. “[J]udges must be constantly aware that their role, while important, is limited. They do not have a commission to solve society’s problems, as they see them, but simply to decide cases before them according to the rule of law.” State v. Lead Indus., Ass’n, Inc., 951 A.2d 428, 436 (R.I. 2008) (citations omitted).

IV

Conclusion

Therefore, as there are no material facts in dispute, this matter is ripe for summary judgment. The plain meaning of the statute is clear and unambiguous such that summary judgment is granted in favor of Plaintiffs and the Town is therefore required to provide life insurance to each retiree at the same annual cost that was in effect on the last day of his or her employment.

Counsel shall submit the appropriate order for entry.

³ See generally, “Underfunded Pensions: Tackling an ‘Invisible’ Crisis,” Knowledge @ Wharton, January 26, 2015, The Wharton School of the University of Pennsylvania.



RHODE ISLAND SUPERIOR COURT

Decision Addendum Sheet

TITLE OF CASE: Rhode Island American Federation of Teachers/Retired
Local 8037, et al. v. Johnston School Committee, et al.

CASE NO: PC 2015-3044

COURT: Providence County Superior Court

DATE DECISION FILED: February 8, 2017

JUSTICE/MAGISTRATE: Keough, J.

ATTORNEYS:

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