

Allstate Benefits

Term Life Insurance Coverage

Frequently Asked Questions (FAQs)

Q. How is the plan designed?

A. It is an event-based (death of insured) coverage which requires proof of loss of life. It is designed to pay a predetermined lump sum benefit to the beneficiary of the insured upon satisfactory proof of the insured's death. The employer determines the contract parameters meaning that the benefit amount may be a multiple of the employee's yearly salary or a flat amount for all employees.

Q. What is a beneficiary?

A. A beneficiary is the person that the insured designates to receive the life insurance benefit in the event of the insured's death. This designation must be in writing. In the event that no beneficiary is designated, benefits will be paid to the insured's estate.

Q. Are there additional optional benefits in the Term Life policy?

A. Yes. The employer may choose to add an optional Accidental Death & Dismemberment (AD&D) benefit to the Term Life coverage. When elected by the employer, the amount of AD&D coverage is equal to the amount of life coverage for each insured person for loss of life and certain types of dismemberment. The AD&D benefit pays in addition to the life insurance benefit. Not all policies may have this benefit. Some exclusions may apply.

Q. What is meant by accidental death and dismemberment?

A. Accidental death means that the death of the insured was caused by an unforeseen set of circumstances which resulted in an accident and subsequent death of the insured. In other words, death was not a result of natural causes. Dismemberment refers to the loss of the hand(s), foot or feet, and eye(s). A separate schedule of benefits is established for losses associated with dismemberment.

Q. How does the coverage work?

A. Upon satisfactory proof of loss (life, appendage or sight), a benefit will be paid to the beneficiary (or estate) of the insured, or to the insured in the appropriate benefit amount contingent upon the type of loss incurred.

Q. Are there any medical questions to answer for this coverage?

A. If an employee enrolls themselves or their dependents when they are initially eligible for the coverage there will be no medical questions to answer, the coverage is Guarantee Issue. Should they choose to enroll at the next annual enrollment period, regular Evidence of Insurability (EOI) will apply.

Q. Is there a waiting period before using the Term Life benefits?

A. No. Once the coverage becomes effective, there is no waiting period.

Q. Is there a Waiver of Premium provision?

A. Yes. If the insured employee becomes disabled prior to age 60, and disability lasts for 6 consecutive months, all premiums will be waived for the employee and their covered dependents, provided that the group policy remains in force.

Q. Does this policy provide Accelerated Death benefits?

A. Yes. 50% of the face amount up to \$100,000 is payable when the insured employee or insured spouse is diagnosed with a terminal illness (defined as less than 12 months to live).

Q. Do benefits decrease, or rates increase with age?

A. Yes. The Term Life insurance benefit (and AD&D benefit, if applicable) will reduce by 35% for ages 70 to 74, 50% for ages 75 to 79 and 65% for ages 80 and up. Additionally, if using age-banded premiums, rates will increase upon policy anniversary when an insured moves from one age bracket to another.

Q. What if an employee has a salary increase after they enroll?

A. All changes to existing coverage must be made during the annual enrollment period. Increases in coverage made during the annual enrollment period will be subject to EOI.

Q. Who submits claims?

A. The insured's beneficiary or the insured will submit the claim for processing.

Q. What documents are required in order to get a claim paid?

A. The claim form will provide information as to the documentation necessary to provide proof of your specific loss.

Q. How is the benefit paid out?

A. The Term Life insurance benefit (and AD&D benefit, if applicable) is paid to the insured's beneficiary (or estate) or to the insured in a lump sum payment.

Q. Are benefits taxable?

A. The base life insurance benefit (and AD&D benefit, if applicable) is not taxable. However, any interest earned on these benefits, may be taxable and may vary by state.

Q. Is there an option to continue this coverage after employment terminates?

A. Yes. Term Life insurance (and AD&D benefit, if applicable) is either portable (the same current group coverage amount at the current group rates to age 70 as long as the employer's policy remains in force with Allstate Benefits) or convertible (to an AB permanent life policy at published rates) without EOI. An insured may call 1-888-580-5140 for details.

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