Group term life and AD&D insurance

Employer information for groups with 51+ eligible employees

Effective October 1, 2011
Life and accidental death and dismemberment (AD&D) insurance are integral parts of a comprehensive benefits package and time-honored ways for employers to help employees protect their families from the financial challenges that can arise from the death or disability of a loved one.

Affordable life insurance underwritten by Blue Shield of California Life & Health Insurance Company (Blue Shield Life) gives your employees added security during uncertain economic times and life-changing events.

Our life insurance portfolio includes benefit options and flexible plan options to help you offer your employees the opportunity to obtain coverage to help ensure that immediate expenses, as well as longer-term obligations, can be met.
Blue Shield Life advantages

Doing what we do best
For more than 50 years, Blue Shield Life has fulfilled the life insurance needs of businesses across California. Life insurance provides vital financial benefits in the event of premature death.

Financial strength
In 2010, A. M. Best rated Blue Shield Life an “A,” which is an “excellent” rating. We have the stability and financial strength to meet your clients’ insurance needs now and in the future.

Getting value for the money
We offer group coverage at affordable prices combined with superior customer service.

Two-year rate guarantee
All groups receive a two-year rate guarantee on their life insurance coverage, giving them added financial predictability.

Easy to buy
Life insurance is available with or without Blue Shield medical coverage. A DE-6 is not required for group life insurance. All that’s needed is an application, payment, and enrollment information.

Ease of administration
Life insurance is available with or without a Blue Shield medical plan, but life insurance in combination with a Blue Shield health plan is simple, with one bill, one point of contact, and one renewal packet.

Customer satisfaction
We have a knowledgeable and helpful staff that is dedicated to serving your needs and rated highly for customer service.
Basic life insurance

You can obtain Blue Shield life insurance whether or not you have health coverage from Blue Shield, and all employees are eligible for life insurance even if you have multiple health plan carriers, if that is your preference.

Contributory policies require a minimum 75% participation of eligible employees. For non-contributory policies, if you pay 100%, then 100% of eligible employees must enroll.

Plan design options

- Flat amount – All employees are covered at the same flat amount, e.g., $25,000.
- Multiple of salary – All employees are covered for the same multiple of salary up to a maximum amount, e.g., two times annual earnings up to the maximum benefit amount, depending on group size.
- Graded schedule – Employees are divided into classes (up to four) that have different levels of benefits, e.g., executive, management, and staff levels. The benefit amount for each class must be no more than 2.5 times that of the next lower class.

Active, full-time (at least 30 hours per week) permanent employees and their dependents are eligible for coverage. All benefits terminate at retirement.

The insured employee or dependent spouse/domestic partner may convert their full amount of coverage to an individual term life insurance policy, without evidence of insurability, within 31 days after the insurance ends. To purchase a conversion policy, application and payment of the first premium must be made no later than 31 days after the life insurance is terminated.

Additional basic life product features

Accelerated death benefit (ADB)

To help offset the high cost of medical care if an insured employee is diagnosed as terminally ill (12-month life expectancy or less), ADB allows advanced payment of death benefits. Individuals may elect to withdraw an ADB benefit in $1,000 increments, subject to the following minimums and maximums:

- Maximum allowed is 50% of benefit or $250,000, whichever is less.
- Minimum of $15,000 in coverage is required to receive ADB.
- Minimum allowed is 10% of benefit or $5,000, whichever is greater.

Accidental death and dismemberment (AD&D) insurance benefits

Basic term life insurance includes AD&D insurance. Our AD&D insurance coverage provides your employees with additional financial support in the event of an accidental loss. That’s why it’s included with every basic term life insurance policy.

Basic AD&D benefits match basic group life insurance benefits. The total benefit for all losses resulting from the same accident may not exceed the principal sum*.

*The principal sum for the insured person’s classification is shown in the Schedule of Insurance.
Partial benefits are paid for accidental losses according to the following schedule:

<table>
<thead>
<tr>
<th>Accidental loss</th>
<th>Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss of limbs above wrist or ankle</td>
<td>50%</td>
</tr>
<tr>
<td>Loss of sight in one eye</td>
<td>50%</td>
</tr>
<tr>
<td>Loss of sight in both eyes</td>
<td>100%</td>
</tr>
<tr>
<td>Loss of thumb and index finger of one hand</td>
<td>25%</td>
</tr>
<tr>
<td>Loss of all four fingers of one hand</td>
<td>12.5%</td>
</tr>
<tr>
<td>Loss of all toes of one foot</td>
<td>50%</td>
</tr>
<tr>
<td>Loss of hearing (one ear)</td>
<td>100%</td>
</tr>
<tr>
<td>Loss of hearing (both ears)</td>
<td>50%</td>
</tr>
<tr>
<td>Loss of speech</td>
<td>50%</td>
</tr>
<tr>
<td>Comatose</td>
<td>50%</td>
</tr>
<tr>
<td>Paralysis (quadriplegia)</td>
<td>100%</td>
</tr>
<tr>
<td>Paralysis (paraplegia)</td>
<td>75%</td>
</tr>
<tr>
<td>Paralysis (hemiplegia)</td>
<td>50%</td>
</tr>
</tbody>
</table>

Waiver of premium

Life insurance will remain in force without premium payment if the employee, while insured by the plan, becomes totally disabled for at least six months and prior to age 60. The waiver of premium will remain in effect until the insured employee is no longer disabled; the disabled employee fails to provide continuous proof of disability, or submit to examination when required; reaches age 65; or converts coverage to an individual policy.

Additional AD&D benefits

These additional benefits are also standard:

- Seat belt benefit
- Airbag benefit
- Special education benefit
- Repatriation benefit
- Disappearance benefit
- Felonious assault benefit
- Exposure benefit
- Common carrier benefit
- Surgical reattachment benefit
Dependent basic term life insurance
Dependent basic term life insurance is provided for an insured employee's spouse, domestic partner, and/or children.
- Group term life insurance must be purchased by the employee before dependent life insurance is available.
- Coverage is offered at $1,000 to $5,000 per dependent in $1,000 increments. Coverage amounts for spouse/domestic partner and children will be equal to and cannot exceed 50% of the employee's benefit.
- One rate covers all dependents.
- If dependent life insurance is chosen, all eligible family members are enrolled.

Supplemental term life insurance
Supplemental term life is a 100% employee-paid benefit that helps employees and their dependents gain extra protection to fit their personal insurance needs. While basic term life may meet some employees' financial protection needs, many need higher levels of life insurance.

Supplemental life is available in increments of $10,000, up to a maximum of $500,000 and not to exceed five times the annual salary. The employee must be enrolled in basic life to be eligible for supplemental life.

All active full-time employees who work at least 30 hours per week are eligible. The employee must be enrolled in supplemental life for the spouse and/or dependent to be enrolled in supplemental life.

Participation requirements for supplemental life are 25% of eligible employees or 10 enrolled employees, whichever is greater.

Guaranteed issue
The guaranteed-issue amount depends on the number of eligible employees, level of employee participation, and group demographics. Evidence of insurability is required for any benefit amount an employee applies for in excess of the guaranteed-issue amount, and medical underwriting will be required for the entire supplemental life amount for any employee who applies for coverage more than 31 days after first being eligible for coverage, or if reinstatement is requested after voluntary cancellation.

The insured employee or dependent spouse may convert their full amount of coverage to an individual term life policy, without evidence of insurability, within 31 days after the insurance ends. To purchase a conversion policy, application and payment of the first premium must be made no later than 31 days after the life insurance is terminated.

The basic life guidelines related to accelerated death benefit and waiver of premium also apply to supplemental life insurance.

Supplemental AD&D
While the AD&D coverage included in the basic term life plan may meet some employees' needs in the event of a major accident, many want supplemental disability coverage as well.

Supplemental AD&D is available to active, full-time permanent employees and spouses/domestic partners only, not children.

The basic AD&D insurance schedule for accidental loss benefits and additional AD&D benefits described previously are the same for supplemental AD&D insurance.
## Supplemental life insurance summary of benefits

<table>
<thead>
<tr>
<th></th>
<th>Minimum benefit</th>
<th>Maximum benefit</th>
<th>Increments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee</strong>¹, ²</td>
<td>$10,000</td>
<td>5 times basic term life amount, up to $500,000⁴</td>
<td>$10,000</td>
</tr>
<tr>
<td><strong>Dependent spouse/domestic partner</strong>³</td>
<td>$5,000</td>
<td>Up to 50% of employee’s benefit, up to $500,000</td>
<td>$5,000</td>
</tr>
<tr>
<td><strong>Dependent child</strong>³</td>
<td>$5,000</td>
<td>$10,000</td>
<td>None</td>
</tr>
</tbody>
</table>

¹ Coverage reduces to 65% of elected coverage at age 65, and to 50% at age 70.
² Coverage ends at retirement or termination of employment.
³ Coverage for children ages 14 days through six months is limited to 10% of elected coverage.
⁴ Not to exceed $1 million when combined with basic term life insurance.

---

### Employer resources

By purchasing life insurance and health coverage from Blue Shield, you enjoy the convenience of a single point of contact for billing and customer support, leaving you more time to focus on your business.

### Online applications and forms

Download all applications, brochures, and claim forms from [blueshieldca.com/employer](http://blueshieldca.com/employer).

---

This is only an overview of available group term life and AD&D insurance coverage. Please refer to the plan policy for a complete description. Conditions and limitations apply to both basic and supplemental life and AD&D insurance.
Talk to your broker about Blue Shield's life and AD&D insurance today.