The Group Life Insurance Program Manual has been revised to reflect changes to the program’s administrative policies and procedures as a result of contracting with a new insurance carrier.

The authority for this manual is derived from Management Directive 530.32, Group Life Insurance Program.

All changes and additions to this manual will be issued by the Office of Administration, Office for Human Resources Management, Bureau of Employee Benefits and Services (BEBS) through the Directives Management System.

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SECTION ONE - ENROLLMENTS AND CHANGES

1. TRANSMISSION OF ELIGIBILITY DATA.


(1) Prepares the eligibility file and activity file weekly, encrypts, and places on the secure FTP server for the insurance carrier to retrieve and process.

(2) Prepares the annual salary files, encrypts, and places on the FTP server by the date provided by the insurance carrier each January.

(3) Retrieves a detailed bill placed upon the FTP server by the insurance carrier by the 15th of the month.

(4) Receives an invoice from the insurance carrier by email no later than the 16th of the month and processes per agency procurement procedures so the bill is paid by the end of the month in which the bill was received.

b. Agencies not on the Commonwealth’s Human Resources Payroll System.

(1) Prepares the eligibility file, encrypts, and places on the FTP server no less frequently than once a month for the insurance carrier to retrieve and process.

(2) Prepares the annual salary files, encrypts, and places on the FTP server by the date provided by the insurance carrier each January.

(3) Retrieves a detailed bill placed upon the FTP server by the insurance carrier by the 15th of the month.

(4) Receives an invoice from the insurance carrier by email no later than the 16th of the month and processes per agency procurement procedures so the bill is paid by the end of the month in which the bill was received.

2. NEW HIRE OR NEWLY ELIGIBLE PERMANENT EMPLOYEE.

a. Human Resources Service Center (HRSC) or Agency Human Resource (HR) Offices not served by HRSC.

(1) Determines if employee is eligible to enroll in the Group Life Insurance Program (refer to Management Directive 530.32, Group Life Insurance Program, for the eligibility requirements).

(2) If employee is not eligible, no further action is necessary.

(3) If employee is eligible as a new hire or as an employee who attains permanent status, explains the Group Life Insurance Program to the employee. Informs employee that the insurance carrier will mail a Welcome Kit.
(4) Provides employee with information regarding the insurance coverage waiting period (Refer to Sections 4 through 8).

(5) New Hire:

(a) HRSC inputs the new hire transaction in the commonwealth’s Human Resources Payroll System and is responsible for enrolling employees in the Group Life Insurance Program.

(b) Agency HR Office not serviced by HRSC inputs the new hire transaction and is responsible for enrolling employees in the Group Life Insurance Program.

(c) For a newly eligible permanent employee:

1. HRSC makes the appropriate changes to reflect permanent status in the commonwealth’s Human Resources and Payroll System and is responsible for enrolling the employee in the Group Life Insurance Program.

2. Agency HR Office not serviced by HRSC makes the appropriate changes to reflect permanent status in their agency’s payroll system and is responsible for enrolling the employee in the Group Life Insurance Program.

b. Insurance Carrier. Mails a "Welcome Kit" to eligible employee.

c. Employee. Completes the Group Insurance Beneficiary Designation/Change Form and returns to the insurance carrier or completes the Beneficiary Form online through insurance carrier’s website.

3. WAIVING GROUP LIFE INSURANCE COVERAGE.

a. Employee. If an employee wishes to waive participation in the Group Life Insurance Program, he or she must submit a letter to HRSC, or to the Agency HR Office when hired in an agency that is not serviced by HRSC. The waiver shall be forwarded to the Office of Administration, Office for Human Resources Management, Bureau of Employee Benefits and Services (BEBS).

b. HRSC. Upon receipt of the employee’s request, HRSC must input the necessary action in the commonwealth’s Human Resources Payroll System to reflect no coverage. HRSC must forward the request to BEBS. BEBS will maintain a file for these individuals to verify non-coverage.

c. Agency HR Office. Upon receipt of the employee’s request, the Agency HR Office of an agency not serviced by HRSC must input the necessary action into that agency’s payroll system to reflect no coverage and forward the request to BEBS to maintain a file for these individuals to verify non-coverage.
4. EMPLOYEE BEGINS LONG-TERM UNPAID ABSENCE.

a. Leave Without Pay With Benefits.

(1) Agency HR Office or HRSC places employee on approved leave without pay with benefits. Employee continues to have life insurance coverage paid for by the commonwealth.

b. Leave Without Pay Without Benefits.

(1) Agency HR Office or HRSC.

(a) Places employee on long-term leave without pay without benefits. The commonwealth no longer pays for life insurance coverage for the employee.

(b) Notifies the insurance carrier of the employee’s “without benefit” status.

c. Insurance Carrier.

(1) Upon notification from the commonwealth of the "without benefit" status, mails a direct bill notice to employee requesting payment in 15 days for continuation of coverage.

(2) Continues coverage for employee as long as the bill is paid for the duration of the leave without benefits or until the employee returns to an active pay status.

(3) If the employee does not make payment within 15 days, mails a final notice requesting payment within 30 days. If payment is not received within 30 days of late notice, cancels coverage and provides employee the option to replace the lost coverage with a conversion policy by contacting insurance carrier’s Dedicated Customer Service Department.

d. Employee. Mails payment to the insurance carrier.

e. Agency HR Office or HRSC. Follows the procedures outlined in Part 6, Return From Long-Term Unpaid Absence, Rehire, Employment of Furloughhee, and Transfer between Agencies, if employee returns to an active pay status.

5. RETURN FROM LONG-TERM UNPAID ABSENCE, REHIRE, EMPLOYMENT OF FURLOUGHEE, AND TRANSFER BETWEEN AGENCIES.

a. Agency HR Office or HRSC.

(1) If an employee returns from a long-term unpaid absence, is re-hired or transfers to a new agency, informs employee that upon receipt of the return transaction the insurance company will determine coverage eligibility, and if appropriate, mails employee a Welcome Kit. Proceeds to Part 5.a.(3).
(2) If an employee is a rehire, determines length of time since termination and proceeds to Part 5.a.(3); or a furloughed employee is rehired, determines old bargaining unit and length of time since furlough, and proceeds to Part 5.a.(3).

(3) Applies Eligibility Rules in Management Directive 530.32, Group Life Insurance Program, and in Management Directives 530.11, Benefit Rights of Permanent and Temporary Employees and Management Directive 530.18, Benefit Rights of Furloughed Employees, to determine employee's eligibility for insurance.

(4) Inputs the appropriate transaction in the Human Resources and Payroll System.


(6) If employee is not eligible, no further action is necessary.

(7) Provides employee with information regarding the insurance coverage effective date.

b. Insurance Carrier. If appropriate, sends employee a Welcome Kit that will include an introductory letter, Group Life Insurance Beneficiary Designation/Change Form, self-addressed stamped envelope to mail the beneficiary form back to the insurance carrier, and a Booklet Certificate describing the plan.

6. EMPLOYEES TURNING AGE 70 OR 75 AND ANNUAL REDUCTIONS IN INSURANCE DUE TO DECREASE IN PAY.

a. Insurance Company.

(1) Reduces the Group Life Insurance coverage automatically at the beginning of each month for employees turning age 70 or 75.

(2) At the beginning of each month, identifies employees who are turning age 70 or 75.

(3) Mails a letter and a Group Life Conversion Notice to employee explaining that at age 70, his or her amount of insurance was reduced to 65 percent of the annual salary, and that he or she may convert the lost insurance amount by contacting the insurance carrier's Dedicated Customer Service Department; or that at age 75, the amount of insurance was reduced to 50 percent of the annual salary, and advises the employee they may convert the lost insurance amount by contacting insurance carrier's Dedicated Customer Service Department.

(4) Reduces the Group Life Insurance coverage automatically at the beginning of January of each year for employees whose Group Life Insurance coverage was reduced due to a decrease in pay.
(5) Identifies employees whose Group Life Insurance coverage was reduced at the beginning of January of each year due to a decrease in pay.

(6) Mails a letter and a Group Life Conversion Notice to employee explaining that the amount of insurance was reduced due to a decrease in pay and advises that the employee may convert the lost insurance by contacting the insurance carrier.

7. **TERMINATION OF EMPLOYMENT, INCLUDING FURLOUGH.**

   a. **Agency HR Office or HRSC**

      (1) Receives notification of employee's termination of employment from the commonwealth.

      (2) Notifies employee that his or her Group Life Insurance coverage will terminate on the last day of the month in which the employee separated and that the insurance carrier will notify him or her of the right to convert their group life insurance coverage.

   b. **Insurance Carrier.** Mails a letter and Group Life Conversion Notice to employee stating that the coverage will terminate and the employee may convert the lost insurance by contacting insurance carrier's Dedicated Customer Service Department; informs employee of his or her option to apply for disability life insurance.
SECTION TWO - HOW TO OBTAIN BENEFITS

1. DISABILITY LIFE INSURANCE.

a. General.

(1) When an employee claims to be permanently and totally disabled and terminates or is placed in a leave without pay without benefits status, the employee may submit proof of the disability (provided by the employee's attending physician) to the insurance carrier. No application for disability life insurance will be accepted while an employee is receiving state paid benefits or later than 12 months following cessation of premium payment.

(2) The initial disability life insurance will be approved for one year based on satisfactory proof of disability. Subsequent annual approval will be based on satisfactory proof of continued disability, which is to be submitted to the insurance company upon request.

b. Administrative Procedures.

(1) Employee notifies personnel office of possible permanent and total disability.

(2) Agency HR Office or HRSC advises employee to contact the insurance carrier.

(3) Insurance carrier partially completes and mails employee a Group Life Insurance Claim for Total Disability Benefits Form and an Attending Physician's Statement Form.

(4) Employee.

(a) Completes the Group Life Insurance Claim for Total Disability Benefits Form and the employee portion of the Attending Physician's Statement Form and has his or her physician complete the remaining sections.

(b) Forwards Group Life Insurance Claim for Total Disability Benefits Form and Attending Physician's Statement Form to the insurance carrier.

(5) Insurance Carrier.

(a) Mails notification to employee of approval or disapproval of disability life insurance.

(b) If approved, coverage will continue for the duration of the disability provided that the employee submits satisfactory medical proof of continued disability when requested by the insurance carrier.
(c) If disapproved, informs employee that he or she may appeal the denial in writing and provides instructions for employee. Finally, provides employee with a Group Life Conversion Notice and informs him or her of the option to replace the lost coverage with a conversion policy by contacting insurance carrier’s Dedicated Customer Service Department.

2. DEATH CLAIMS.

a. General. Death claims for eligible employees shall be processed by the insurance carrier in accordance with the following Administrative Procedures.

b. Administrative Procedures.

(1) Agency HR office or HRSC.

(a) Inputs death action into the human resources/payroll system and completes Survivor Assistance Worksheet.

(b) Emails the Survivor Assistance Worksheet to the Bureau of Employee Benefits and Services.

(c) Notification to the carrier happens through automatic interface files passed through secure FTP site every week. The Agency HR office or HRSC may send notice by email in advance of the next interface exchange to assist with timely response.

(2) Insurance Carrier.

(a) Receives notification via email or by weekly interface file exchanges with the human resources/payroll system that eligible employee is deceased. In the case of a work-related accidental death, the insurance carrier will also be provided with a copy of Form LBC-344, Employer’s Report of Occupational Injury or Disease.

(b) Verifies eligibility and amount of insurance. Calculates the amount in effect on last day in active pay status according to Management Directive 530.32, Group Life Insurance Program, (Refer to Section 5.g. Benefits of the directive).

(c) Reviews file to determine if Beneficiary Designation/Change Form has been executed.

(d) If Beneficiary Designation/Change Form was not executed, determines the proper beneficiary.

(e) Obtains current address of beneficiary(ies).
(f) If a beneficiary is a minor or is incapable of giving a valid release for the insurance proceeds, the insurance carrier will make payment to the guardian named on the beneficiary form. If no guardian was named for a minor beneficiary, the insurance carrier will require legal documentation of guardianship such as a court order before the claim will be paid.

(g) Sends documentation within two days to beneficiary(ies) along with a Group Life Insurance Claim Form to be completed and returned along with a certified copy of the death certificate.

(2) **Beneficiary.** Sends completed Group Life Insurance Claim Form and certified copy of death certificate to the insurance company.

(3) **Insurance Carrier.**

(a) Approves claim for payment and mails beneficiary(ies) payment of less than $5,000 in a lump sum. **Note:** Insurance carrier pays the "uncomplicated" claim within five business days.

(b) Places proceeds of $5,000 or more in a Total Control Account in the beneficiary(ies) name. Proceeds of less than $5,000 will be paid in a lump sum to the beneficiary(ies).

(c) Sends Group Life Death Claim Payment Letter to beneficiary(ies) acknowledging approval of the claim. The letter also provides information on the Total Control Account and Beneficiary Financial Counseling Services.

(d) Mails beneficiary(ies) a Total Control Account information kit and an initial supply of personalized checks.

(e) Contacts the beneficiary(ies) via telephone, to inform them that the Total Control Account Information kit has been mailed and to explain the Total Control Account. With the beneficiary(ies) permission, calls them again to address any additional questions.

(4) **Beneficiary(ies).** Upon receipt of the checkbook, withdraws all or part of the insurance proceeds immediately, or maintains the funds in the account to earn interest from the date the Total Control Account is opened.

(5) **Insurance Carrier.**

(a) Mails monthly statements to beneficiary(ies) to track the account balances and activity.

(b) Closes the account if the balance falls below $250 and mails the balance to the beneficiary(ies), including accrued interest.
3. **TOTAL CONTROL ACCOUNT.** Death claim proceeds paid via the Total Control Account Settlement Option; an interest-bearing account from which the beneficiary may make withdrawals.

4. **ACCELERATED BENEFIT OPTION.**

   a. **General.** Employees who are terminally ill with a life expectancy of six months or less (12 months or less in certain states) may apply to have part of their group life insurance benefits paid to them in advance. This option allows up to 80 percent of the face amount of insurance to be paid income tax free to the employee with the balance paid to the beneficiary(ies) upon the employee's death. This payment is made to the Total Control Account described in Part 3.

   b. **Administrative Procedures.**

      (1) **Employee.**

         (a) Elects the Accelerated Benefit Option, in writing, to the insurance carrier in an acceptable form and provides proof that his or her life expectancy is six months or less (or 12 months or less in certain states) including certification by a doctor. Note: Benefits must not have been previously assigned.

         (b) Provides proceeds to employee on a voluntary basis only. This option is not available if the employee is either required by law to use this option to meet the claims of creditors, or required by a government agency to use this option in order to apply for, receive, or keep a government benefit or entitlement.
SECTION THREE - GENERAL INFORMATION

1. GROUP LIFE INSURANCE PROGRAM FORMS. Employees should contact the insurance carrier’s Dedicated Customer Service Department to request forms, such as a beneficiary change form or an application for disability life insurance. Agencies are not to contact the insurance carrier for forms.

2. CONFIDENTIALITY OF GROUP LIFE INSURANCE PROGRAM INFORMATION.
   
a. **Filing.** The insurance carrier will retain a copy of the employee's Group Life Insurance Beneficiary Designation/Change Form. Employees should keep a copy for their records.

   b. **Employee Review.** Personal information is contained on the Group Life Insurance Beneficiary Designation/Change Form and Group Life Insurance Claim for Total Disability Benefits Form. An employee may contact the insurance carrier's Dedicated Customer Service Department with questions regarding his or her beneficiary information or the Group Life Insurance Claim for Total Disability Benefits Form.

   c. **Inquiries After Death of Employee.** If inquiries are received by the Agency HR Office or HRSC, the caller may be directed to contact the insurance carrier's Dedicated Customer Service Department. The insurance carrier will not release beneficiary information over the telephone or to anyone other than the beneficiary(ies).