

# **Dependent Group Term Life Insurance with Accelerated Life Benefit and AD&D**

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## **Section 4**

### **Dependent Group Term Life Insurance with Accelerated Life Benefit and AD&D\***

#### **General Information**

You may be eligible to enroll your dependents in Dependent Group Term Life Insurance with Accelerated Life Benefit and AD&D coverage, which provides group term life insurance; Accelerated Life Benefit; and group accidental death, dismemberment, and loss of sight coverage for all your listed eligible Dependents. Enrollment may be subject to Evidence of Insurability requirements depending on when you enroll. See Eligibility subsection below.

\*AD&D insurance ends for you and your Dependents upon your retirement, regardless of age. There are limitations and exclusions that may limit the amount that is payable to you. See Section 6 for details.

#### **Eligibility**

If you are an Active Employee, you are eligible to enroll your dependents in Dependent Group Term Life Insurance and AD&D. Contact your benefits coordinator for enrollment details.

Dependent is as defined in Section 7.

A dependent Child becomes eligible for coverage as follows:

- a. A newborn natural child is eligible for coverage on his/her date of birth if the child is born alive as certified by an attending physician.
- b. A newly adopted child is eligible for coverage on the date of placement for adoption.
- c. A newly acquired dependent who does not qualify under items a. or b. above becomes eligible for coverage on the first day of the month following the date on which he/she becomes a dependent, of a covered Employee, as defined in Section 7.

The coverage effective date for your eligible Dependents' coverage is determined by when you enroll.

Day you enroll	Dependents' Insurance Effective date
On or before your first day at work	the first day you are Actively at Work, as long as the insurance and State Agency hire dates are the same
Within 31 days of your first day at work	the first day of the month after the date you enroll (You must be Actively at Work for coverage to be effective.)
After 31 or more days from your first day at work	**
<p>**You must submit, at no expense to FDL, Evidence of Insurability for each of your eligible Dependents to FDL for review. FDL will evaluate the medical information. <b>You will either be approved or denied coverage for your Dependents based on your Dependents' medical information.</b> FDL will notify you and your Employer of FDL's approval or denial of your Dependent's coverage. Insurance coverage will be effective on the first of the month following FDL notifying you and your Employer of approval of coverage for your Dependents. You must be Actively at Work for coverage to become effective. The effective date of coverage is always later than the approval date.</p> <p><b>Note: If the medical information you or a Dependent provides is false or misrepresented, this may cause an otherwise valid claim to be denied and coverage to be rescinded or canceled, and you may be subject to expulsion from the Group Benefits Program, as well as other sanctions.</b></p>	

The following persons are not eligible for Dependent Group Term Life Insurance:

- Any person who is a Full-Time Active Employee and is enrolled in Basic Group Term Life Insurance or Optional Group Term Life Insurance;
- Any person who is a Part-Time Active Employee and is enrolled in Basic Group Term Life Insurance or Optional Group Term Life Insurance;
- Any person approved for Extended Life Insurance Benefits;
- Any person who is a Retiree and is enrolled in Basic Group Term Life Insurance or Optional Group Term Life Insurance; or
- Any person who has applied for an individual life insurance policy with FDL within 31 days of termination of State of Texas employment.

## Summary of Benefits

<b>Dependent</b>	<b>Amount of Dependents' Group Term Life Insurance</b>	<b>Amount of Dependents' AD&amp;D*</b>
Spouse	\$5,000	\$5,000
Eligible Child(ren) from date of birth up to age 25	\$5,000	\$5,000
<p>*AD&amp;D insurance ends for your dependents upon your retirement, regardless of age. There are limitations and exclusions that may limit the amount that is payable to you or your beneficiary. See Section 6 for details.</p>		

## **Dependent Group Term Life Insurance**

Dependent Group Term Life Insurance provides each of your covered Dependents with \$5,000 of group term life insurance. Dependent Group Term Life Insurance also provides:

**Conversion Privilege** - This benefit is available to your covered spouse if you leave employment or in the event of your death. The amount of group term life insurance on your spouse may be converted to an individual life insurance policy. See Section 6 for details.

Dependent Group Term Life Insurance benefits will not be paid if the deceased Dependent was insured in the Group Benefits Program as an Active Employee and died within 31 days of the date that his or her insurance ended as an Active Employee.

If your Dependent becomes ineligible for insurance, his or her coverage will automatically end on the last day of the month in which the ineligibility occurs. For example, if your Dependent turns age 25 on December 6, the insurance coverage will remain in effect until the last day of the month (December 31). You should notify your benefits coordinator of any Dependent deletion or addition to ensure your coverages and premiums are correct.

## **Step-by-Step Instructions for Filing a Dependent Group Term Life Insurance Claim**

If your covered Dependent dies as a result of any cause,

### **You must:**

- contact ERS at (512) 867-7711 or (877) 275-4377 for instructions and forms required for filing a claim for benefits; the forms are sent to the designated beneficiary.
- complete, sign, and date the claim forms;
- within 24 months of your Dependent's death, submits the completed claim form, together with a certified copy of your Dependent's death certificate, to FDL; and
- provide additional information as needed for FDL to process the claim.

### **Benefits coordinator of your State Agency:**

- completes an Agency Certification and Coordinator's Statement, signs, and dates; and
- forwards the documents to FDL.

### **FDL:**

- receives the claim form, death certificate from you;
- receives an Agency Certification and Coordinator's Statement;
- reviews the claim and requests additional information if needed; and
- pays the death benefit to you; or
- notifies you and your benefits coordinator if the claim is denied for any reason.

## Dependent Group AD&D Coverage

Dependent Group AD&D benefits will be paid if your covered Dependent has an Accidental Bodily Injury which directly results in his or her death or bodily loss within 180 consecutive days from the day the accident happened.

In the event of the Accidental Death of a covered Dependent, the Dependent Group AD&D amount shown in the Summary of Benefits on page 31 for that Dependent will be paid to you.

Dependent Group AD&D benefits will be paid to you if your covered Dependent has a bodily loss as a direct result of an Accidental Bodily Injury and if your Dependent's bodily loss is one or more of these types:

- loss of a hand by *actual severance* through or above the wrist;
- loss of a foot by *actual severance* through or above the ankle joint; and
- loss of sight in one eye resulting in total and permanent loss of vision that cannot be recovered by surgery or other means.

If one of the above bodily losses occurs, the benefit of \$2,500 will be paid to you. If your covered Dependent has two or more bodily losses at the same time, the benefit paid to you will be \$5,000. Benefits will not be paid if your covered Dependent independently loses one or more fingers, one or more toes, or incurs a partial loss of sight.

The total Dependent Group AD&D amount that will be paid for all losses resulting from the same accident will not be more than \$5,000.
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There are limitations and exclusions that may limit the amount that is payable to you. See Section 6 for details.

## **Step-by-Step Instructions for Filing a Dependent Group AD&D Claim**

If your covered Dependent dies as a result of an Accidental Bodily Injury,

### **You must:**

- contact ERS at (512) 867-7711 or (877) 275-4377 for instructions and forms required for filing a claim for benefits;
- complete, sign, and date the claim forms;
- within 24 months of your Dependent's death, submit the completed claim form, together with a certified copy of your Dependent's death certificate, to FDL; and
- provide additional information as needed for FDL to process the claim.

### **Benefits coordinator of your State Agency:**

- complete an Agency Certification and Coordinator's Statement, signs, and dates; and
- forwards the documents to FDL.

### **FDL:**

- receives the claim form, any attachments, and death certificate from you;
- receives an Agency Certification and Coordinator's Statement;
- reviews the claim and requests additional information if needed; and
- pays the death benefit to you if the claim is approved; or
- notifies you and your benefits coordinator if the claim is denied for any reason.

If your covered Dependent loses a hand, foot, or sight in one eye as a result of an Accidental Bodily Injury,

**You must:**

- within 120 days of the accident, obtain a claim form through the ERS website.<sup>5</sup> If you do not have access to the website, you may call ERS at (512) 867-7711 or (877) 275-4377 for assistance.
- complete identifying information in the *To be Completed by Employee or Employee's Legal Representative* section of the claim form, and send the claim form to your benefits coordinator.

**Benefits coordinator of your State Agency:**

- completes the Employer's section, signs, and dates; and
- returns the claim form to you for further handling.

**You:**

- obtain the completed form from your benefits coordinator. Have your Dependent's doctor, who must be an Approved Practitioner, complete, sign, and date the Attending Practitioner's Statement as due proof of your Dependent's loss;
- your Dependent's doctor returns the claim form to you for further handling;
- complete all outstanding information on the form, sign, and date the claim form, and forward to FDL at the address shown on the form; and
- attach any available newspaper clippings and/or official reports giving details of the accident.
- FDL must receive the form within 18 months of the Accidental Bodily Injury.

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<sup>5</sup> At [www.ers.state.tx.us](http://www.ers.state.tx.us), click on **Insurance**; click on **Life & Disability (Optional Coverage)**; click of the Fort Dearborn Life logo; click on **Resource Center** and then on **Forms**.

**FDL:**

- receives the claim form and due proof of your covered Dependent's loss;
- reviews the claim, and requests additional information if needed;
- pays the benefit amount to you if the claim is approved; or
- notifies you and your benefits coordinator if the claim is denied for any reason.

**Accelerated Life Benefit.** (For Employees covering Dependents under Group Life coverage.)

This section is applicable to you if you have enrolled your dependents in and are paying premiums for Dependent Group Term Life Insurance coverage.

You may request payment of a Dependent Group Term Life Insurance amount in a lump sum. Your Dependent must be diagnosed with a Terminal Condition and have a life expectancy of twelve months or less.

FDL will review the request and evaluate whether the requirements for this benefit are met. If approved, FDL will make payment to you. The amount of the payment will reduce that Dependent's Dependent Group Term Life Insurance amount to zero and no benefit will be payable at your Dependent's death. If your Dependent dies after the payment of the Accelerated Life Benefit as the result of accidental bodily injuries, an AD&D benefit may be payable subject to the AD&D requirements and limitations.

**Note: If your insured Dependent is diagnosed with a Terminal Condition, you may elect to receive payments under your Dependent's Accelerated Life Benefit or Viatical Settlement Option, but not both. Please review your Dependent's situation carefully before making your selection.**

DISCLOSURE: The Accelerated Life Benefit offered under your Dependent Group Term Life Insurance coverage is intended to qualify for favorable tax treatment under the Internal Revenue Code of 1986. If the Accelerated Life Benefit qualifies for such favorable tax treatment, the benefits will be excludable from your income and not subject to federal taxation. Tax laws relating to the Accelerated Life Benefit are complex. You are advised to consult a qualified tax advisor about the circumstances under which you could receive the Accelerated Life Benefit excludable from income under federal law. Receipt of the Accelerated Life Benefit payment may affect your or your Dependents' eligibility for public assistance such as medical assistance (Medicaid), Aid to Families with Dependent Children (AFDC), Supplementary Social Security Income (SSI), and drug assistance programs. You are advised to consult with a qualified tax advisor and with social service agencies concerning how receipt of such payment will affect your or your Dependents' eligibility for public assistance.

You may contact FDL Customer Service at (800) 778-2281 for additional information.

## Step-by-Step Instructions for Filing an Accelerated Life Benefit Claim for a Dependent

If your covered Dependent is diagnosed with a Terminal Condition and has a remaining life expectancy of twelve months or less,

### You must:

- obtain an Accelerated Life Insurance Benefit Claim Form through the ERS website.<sup>6</sup> If you do not have access to the website, you may call ERS at (512) 867-7711 or (877) 275-4377 for assistance.
- complete identifying information in the *To be Completed by Employee or Employee's Legal Representative* section of the claim form, and send the claim form to your benefits coordinator.

### Benefits coordinator of your State Agency:

- completes the Employer's section, signs, and dates; and
- returns the claim form to you for further handling.

### You:

- obtain the completed form from your benefits coordinator. Have your Dependent's doctor, who must be an Approved Practitioner, complete, sign, and date the Attending Practitioner's Statement, including as due proof of your Dependent's loss, copies of medical test results, lab reports, and any other information on which the diagnosis and life expectancy are based;
- your Dependent's doctor returns the claim form to you for further handling;
- complete all outstanding information on the form, sign, and date the form; and
- forward the completed claim form with all attachments to FDL at the address shown on the claim form.

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<sup>6</sup> At [www.ers.state.tx.us](http://www.ers.state.tx.us), click on **Insurance**; click on **Life & Disability (Optional Coverage)**; click of the Fort Dearborn Life logo; click on **Resource Center** and then on **Forms**.

**FDL:**

- receives the claim form, reviews the claim, and requests additional information if needed;
- prepares a lump sum check in the amount of your Dependent's Group Term Life Insurance if your claim is approved; and
- mails the check to you; or
- notifies you and your benefits coordinator if your claim is denied for any reason.

## **Viatical Settlement Option**

If your insured Dependent is diagnosed with a Terminal Condition, you may make an irrevocable beneficiary designation in conjunction with a Viatical Settlement for your insured Dependent's coverage. The choice of a Viatical Settlement provider is yours. Neither FDL nor ERS is responsible for recommending or selecting a Viatical Settlement provider. Upon your Dependent's death, payment will be made to the Viatical Settlement provider or the persons or entities designated as the irrevocable beneficiary if the life insurance on that Dependent is still in force. This option applies only to your Dependents' Dependent Group Term Life Insurance.

The irrevocable beneficiary designation is not applicable to the Dependent AD&D or Voluntary AD&D for Dependent coverage. You remain the beneficiary for these coverages for your covered Dependents.

***Note: If your insured Dependent is diagnosed with a Terminal Condition, you may elect to receive payments under your Dependent's Accelerated Life Benefit or Viatical Settlement Option, but not both. Please review your Dependent's situation carefully before making your selection.***

Contact the FDL Customer Service Department at (800) 778-2281 for additional information.

## **Step-by-Step Instructions for Filing a Dependent Viatical Settlement Claim**

If your Dependent is diagnosed with a Terminal Condition,

### **You must:**

- research and select a Viatical Settlement provider.

### **The Viatical Settlement provider:**

- may send a questionnaire to FDL.

### **FDL:**

- researches your Dependent's Group Term Life Insurance coverage; and
- responds to the Viatical Settlement provider.

### **The Viatical Settlement provider:**

- reviews FDL's response; and
- signs an agreement with you or declines to sign an agreement.

### **FDL:**

- sends you an irrevocable beneficiary designation form for you to complete, sign, and date and return to FDL if the Viatical Settlement provider signs an agreement with you;
- notifies ERS of the irrevocable beneficiary designation; and
- maintains the irrevocable beneficiary designation form in FDL's files.

### **You will:**

- receive the payment from the Viatical Settlement provider for the agreed upon percentage of your Dependent Group Term Life Insurance amount.

### **FDL:**

- pays the death benefit from your Dependent Group Term Life Insurance to the Viatical Settlement provider or the persons or entities designated as the irrevocable beneficiary in the event of the death of your covered Dependent while that Dependent's coverage is in force.