

Optional Life Insurance Information Sheet

October 2011

Optional life is available over and above any coverage an employee may already have. This optional additional coverage allows employees to tailor their Life coverage to meet their unique needs.

Facts:

- Conversion – a member may convert any amount of in force Optional/Basic life coverage up to \$200,000 when leaving the plan. Your Spouse may also convert any amount of in force Optional life coverage up to \$200,000 upon termination from the plan. If amounts are converted Conversion Policy rates would apply, not the current Basic or Optional Life Rates
- Optional Life Rate - rates are based on the insured's gender, smoker status and age. Rates are age banded and will increase as the insured ages (5 year age bands per the rate table). Members must be actively at work to be eligible for open enrolment. This means the member must be actively at work on October 1, as well as the date he/she signs the application form.
- Open enrolment amounts under \$50,000 (member only) submitted prior to Oct 31 do not require medical evidence will be effective Oct 1.
- All additional amounts, or applications submitted after Oct 31 will require medical evidence and will be effective as of the evidence approval date.
- The optional life benefit is offered in units of \$10,000 and can also be offered to spouses although the spouse must submit proof of health for all amounts. The maximum will be \$250,000

Questions & Answers:

- **Why would I need life insurance?**
 - a. Mostly to protect family members and loved ones you leave behind.
- **Scenario: I'm an existing employee and will be purchasing \$50,000 of optional life insurance. I might want to increase the amount of optional life insurance at a later date. Can I get additional insurance at a later date? Ie. Are there deadlines to apply for this benefit (understanding that I would have to provide evidence of insurability after October 31st)?**
 - a. Additional coverage can be requested at any time. Coverage in excess of 50,000 requested during the open enrollment and all amounts of coverage requested outside the open enrollment will require the submission and approval of medical evidence.
- **Scenario: I'm a new employee with a start date of November 14, 2011. Are there any deadlines for me to apply for optional life coverage?**
 - a. There are no deadlines to request optional life coverage. Coverage can be requested at anytime. Any amount of coverage requested will require the submission and approval of medical evidence.
- **Scenario: I'm an employee who's resigning in October 2011. Can I apply for the optional life?**
 - a. Provided the employee is active on Oct 1 and the date the application is signed he/she can apply for coverage.
- **What types of employees are eligible to enrol in the optional life insurance benefit? Ie part-time, full-time, term, seasonal, etc...**
 - a. All "on-going" employees. Ie. Full or Part-Time regular and seasonal
- **What happens to the optional life benefit when an employee resigns?**
 - a. If the member terminates, coverage also terminates. If the member were to later come back to work he/she must re-apply for optional life coverage, provide medical evidence and be approved before coverage would be reinstated.
- **Scenario: I am a seasonal employee with a two month seasonal break in the summer and will be purchasing \$50,000 of optional life insurance. What happens to my coverage during my seasonal break? Ie. Do I need to continue premiums during the season break period or does coverage end and then resume again when I return to work?**
 - a. You can continue coverage for up to 90 days as long as you pay the premiums in advance of your seasonal

break. If your seasonal break is longer than 90 days, you would have to re-apply with medical evidence. If you don't pre-pay your premiums, coverage will end and you may be required to re-apply for optional life coverage, provide medical evidence and be approved before coverage would be reinstated

- **Is this a taxable benefit?**

a. The member pays 100% of the cost, thus it is not a taxable benefit. Proceeds are also not taxed.

- **Can I cancel coverage at any time and re-enrol at any time?**

a. Yes, coverage can be cancelled at any time. Any re-enrollment would require the submission of medical evidence.

- **Is this a term or whole life policy?**

a. This is a group policy. Coverage terminates when the member is no longer eligible for coverage under the terms of the contract, meets the maximum age, terminates employment or decides to cancel coverage. The insured does have the option of converting coverage upon termination of coverage. It is the same conversion option that is available under the basic life benefit.

- **What is a term life insurance policy?**

a. Term life insurance is payable to a beneficiary only when an insured dies within a specified period. There are no permanent policy benefits such as cash or loan value. Premiums are age based.

- **What is a whole life insurance policy?**

a. Insurance payable to a beneficiary at the death of the insured, whenever that occurs. Premiums may be payable for a specified number of years (limited payment life) or for life (straight life). The premiums may remain level or decrease (by accumulating cash in the initial years of the policy)

- **What are the conversion privileges?**

If an employee's insurance ceases because

i) employment for insurance purposes terminates; or

ii) the classification changes to one not eligible for life insurance; or

iii) there is a reduction in the Schedule of Insurance; or

iv) a disabled employee ceases to be eligible for Waiver of Premium and does not return to active employment;
or

v) the policy terminates and an employee has been continuously insured with the same group for at least 5 years,

and the employee is under 65 years of age or has just attained age 65, the employee is entitled to purchase an individual life insurance policy issued by the Insurer.

NOTE: The conversion privilege does not apply to termination of insurance which become effective at specified ages or upon a member's retirement.

- **Does it matter how I die - will my beneficiary get it no matter what the circumstances are surrounding my death?**

a. **Exclusions**

If death occurs as a result of suicide, while sane or insane, the amount of Employee/Spousal Optional Life Insurance payable will be limited to the amount of Employee/Spousal Optional Life Insurance which has been in effect for one or more years.