Chapter 9

Benefits Payable During Lifetime

A. Living Benefits

Insured employees, annuitants, spouse/domestic partners, or dependents, may apply to receive all or part of the value of their life insurance coverage while still living, provided they are diagnosed with a terminal condition caused by illness or injury and have a life expectancy of twelve (12) months or less.

The benefit amount must be equal to an amount provided under a plan of insurance or a multiple of plans. They may request a Living Benefit more than once, provided they have not exhausted all of their coverage. In no event are they allowed to claim more benefits than the amount for which they are insured. Any value remaining at death will be paid to the insured's beneficiary(ies), or to the employee if the coverage is the Spouse and Dependent Plan. Living Benefits may be taxable to the recipient as regular income in the year of payment.

The amount of life insurance eligible for a living benefit payment shall be the total amount of insurance in force on the life of the insured on the date Securian receives the application for a living benefit payment.

An eligible insured may file a claim for a living benefit by requesting a *Life Insurance Summary and Application for Living Benefits* (ET-2323) from Securian. The insured's life insurance must be in force and all required premiums must have been fully paid. Medical evidence will be requested by Securian after they file the application. Securian's determination regarding the applicant's eligibility for the living benefit is final.

The request for a living benefit must be voluntary. A living benefit is not intended to cause the insured to involuntarily reduce the death proceeds ultimately payable to the named beneficiary. Therefore:

1. If the insured is required by law to use this option to meet the claims of creditors, whether in bankruptcy or otherwise, the insured is not eligible for this benefit.
2. If the insured is required by a government agency to use this option in order to apply for, obtain or keep a government benefit or entitlement, the insured is not eligible for this benefit.

Upon receipt of satisfactory evidence of the insured's qualifying condition as defined in this section, Securian will pay the living benefit to the insured subject to Wis. Stats. § 40.08 (9) and (9m) and applicable ETF Wisconsin Administrative Code. If the insured dies, any remaining life insurance that remains in force will be paid to the insured's beneficiary.

For more information about Living Benefits, contact ETF for a *Living Benefits* (ET-2327) brochure or contact Securian for an Application for *Life Insurance Summary and Application for Living Benefits* form (ET-2323). Information can also be found at http://eft.wi.gov.

B. Conversion to Pay Health or Long-Term Care Insurance Premiums

Insured retirees may be eligible to convert their Basic group life insurance coverage to pay premiums for health insurance or long-term care insurance. If they have health or long-term care insurance through ETF and their life insurance has been reduced to its final amount, they may elect to use the present value of their life insurance to pay premiums for their health or long-term care insurance. Note: Long term care coverage through ETF is available to state employees only. Non ETF plans do not qualify for this program.

To be eligible, insureds must be at their final insurance reduction age as shown in the Continuing Coverage Table in Chapter 4. State employees must also exhaust their accumulated sick leave before converting their life insurance to pay for health insurance premiums through the conversion program.

In exchange for payment of health or long-term care insurance premiums, the employee gives up the death benefit that would otherwise be payable to their beneficiaries. They also give up the difference between the face value and present value of their life insurance coverage. The election is permanent and cannot be withdrawn.

The maximum face amount that can be converted is $50,000. Any life insurance coverage over $50,000 will remain as a life insurance benefit that is payable upon the insured's death. For tax reasons the converted amount cannot be paid directly to the insured. The insured's health or long term care insurance premiums will be administered by Securian until the sum is exhausted.

Employees should review the *Converting Your Group Life Insurance to Pay Health or Long-term Care Insurance Premiums* (ET-2325) brochure. If they are eligible for conversion now, or will be eligible within the next twelve (12) months, he or she may request an application *Election to Convert Life Insurance Coverage to Pay Health or Long-Term Care Insurance Premiums* (ET-2324) from ETF. They will receive an estimate of the amount available to them under the conversion program along with an application form.

Chapter 10

Disability Waiver of Premium Benefit

This benefit provides for continued coverage without further payment of premiums for an employee who becomes totally disabled while insured under this policy and prior to attaining age seventy (70).

A. Definition of Disability

An insured employee is considered to be totally disabled if, as a result of bodily injury or disease, he or she is wholly prevented from performing any work or engaging in any occupation for remuneration or profit and is likely to remain so disabled for an indefinite period of time. The employee is required to submit medical evidence acceptable to Securian showing the date that total disability began or was diagnosed and that the employee is totally disabled from any gainful occupation and is likely to remain disabled for an indefinite period of time.

An employee shall also be deemed to be disabled for the purposes of this policy if the employee has qualified for a disability annuity under Wis. Stats. § 40.63 or an LTDI benefit under Wisconsin Administrative Code ETF 50.50 for as long as the insured qualifies for a disability annuity or LTDI benefit. Further proof of disability shall not be required while the insured qualifies for LTDI or disability annuity benefits.

An employee is ineligible for a waiver of premium if employment was terminated for reasons other than disability.

B. Filing a Disability Waiver of Premium Claim

A claim for waiver of premium on *Request for Disability Premium Waiver* (ET-5306) form must be submitted to Securian within thirty-six (36) calendar months after the last day for which earnings are paid for an employee who leaves work due to disability. Insured employees who are on a leave of absence are eligible to submit a claim if they become disabled as defined in this section during the leave of absence and insurance is in force.

Employers are not required to make a medical judgement regarding the disability or evaluate the employee's potential for rehabilitation.

The employer must continue to remit premiums for employer-paid coverage and the employee must continue to remit premium payments for all amounts of employee-paid coverage until Securian approves the claim. Premiums that were paid after the effective date of the premium waiver will be refunded.

An insured employee will be granted a waiver of premium only if he or she becomes totally disabled as defined above while coverage is in force at the time the disability commences and prior to age seventy (70). Coverage must have been in force continuously from the date of onset of the disability to the date the waiver of premium is approved.

Securian sends a letter to both the employer and the employee notifying them of the claim decision and certifying the life insurance coverage during disability.

If the claim is approved, the effective date of the premium waiver will be the first of the month following the date the disability began, or the date the employee is no longer receiving earnings or other earned income from any gainful occupation (last date paid), or the date of the LTDI or disability annuity approval, whichever is later.

The insurance shall remain in force while the premiums are waived. Insurance shall continue during the continuance of disability even if the person insured ceases to be an employee of a participating employer.

Except for those who qualified for a disability annuity or LTDI benefit as described above, the employee shall submit proof of disability to Securian at Securian's request. Securian shall also have the right and opportunity to have medical examiners designated by Securian examine the employee when and as often as it may reasonably require during the employee's disability, but not more than once each year after insurance has been extended under this section.

Employees receiving Duty Disability benefits under Wis. Stats. § 40.65 do not automatically qualify for a life insurance premium waiver.

Note: An insured employee, annuitant, spouse/domestic partner, or dependent who is terminally ill may wish to apply for living benefits. See Chapter 9 for more information.

C. Amount of Insurance

During the period of disability in which premiums are waived, the amount of insurance shall be the same as the amount of insurance at the date of onset of the disability. If an employee's insurance is continued in force under this section, any spouse and dependent life insurance shall also continue in force without payment of premium.

For purposes of determining the amount of post-retirement coverage, it shall be assumed that a person insured under a waiver or premium retires upon attainment of age sixty-five (65). The amount of Basic Insurance shall then be reduced according to the "Continuing Coverage Table" in Chapter 15 in accordance with Wis. Stats. § 40.72(2) and (3). All other insurance will terminate upon the date the insured reaches age sixty-five (65) if it has not already terminated or been cancelled.

If the insured dies while waiver of premium is in effect and while remaining continuously disabled, then upon due proof of death, Securian will pay the amount of insurance in force to the beneficiary.

D. Termination of a Disability Waiver of Premium Benefit

If the insured employee is receiving an LTDI benefit as provided under Wisconsin Administrative Code ETF 50.50, or a disability annuity benefit as provided under Wis. Stats. § 40.63, premiums shall be waived for all insurance under this section until the date the insured's LTDI benefit is terminated, or disability annuity is terminated, unless the insured submits proof of disability to Securian.

However, if the insured employee attains age sixty-five (65) while receiving an LTDI benefit or disability annuity benefit, the waiver of premium ends and the insured may qualify to be covered as provided in Chapter 15, "Maintaining Coverage After You Terminate Employment".

If the insured is not receiving an LTDI benefit or disability annuity benefit, then premiums shall be waived for all insurance under this section until the earliest of:

1. The date the insured is able to return to gainful occupation; or
2. Sixty (60) days after a request by Securian for an examination or proof of disability if the insured refuses to be examined as required above or fails to furnish proof of continued total disability, unless it can be shown conclusively not to have been reasonably possible to undergo such examination or to provide such proof and Securian's request for an examination or proof is complied with as soon as reasonably possible; or
3. The end of the month in which the employee's insurance reduces in accordance with the Program. If eligible, the insured may then be covered under the Basic insurance as provided under the Continuing Coverage Table in Chapter 15, "Maintaining Coverage After You Terminate Employment."

If the extension of insurance without payment of premiums under this section is terminated because the approved waiver of premium ceases, the employee shall be entitled to the rights and benefits under the section entitled "Conversion Privilege," together with insurance protection during the thirty-one (31) day period allowed for conversion as if employment had then terminated, unless during that period the insured returns to work, continues to be on an approved leave of absence or qualifies for continuation of insurance as provided in Wis. Stats. § 40.72(4).

E. When Employee Returns to Work

The employer must notify Securian of the return to work.

The employee may enroll for any new coverage levels that may have been added or that he or she became eligible for while the premiums were being waived.

If the employee returns to work and it still receiving an LTDI benefit under Wis. Stats. § 50.50, the life insurance waiver of premium remains in force until the LTDI benefits are terminated. The employer should not collect premium until the LTDI benefits are terminated.

Chapter 11

Coverage During Periods of No Earnings and Employment Gaps

A. Coverage During a Leave of Absence

An insured employee may continue insurance coverage during any approved unpaid leave of absence for up to thirty-six (36) months. Insurance coverage may be continued beyond thirty-six (36) months if the approved leave is a military leave or union service leave as provided under Wis. Stats. §40.02 (56) and Wis. Stats. §40.03 (6)(g).

In order to continue the insurance in force during an approved unpaid leave of absence, the employee must contact the employer to make premium payments during the leave of absence. Premium contributions must be paid in advance and each payment must be received by the employer at least thirty-one (31) days prior to the end of the period for which premiums had previously been paid.

The amount of insurance for an employee on an approved unpaid leave of absence shall be the same as that in effect immediately preceding the approved unpaid leave of absence. Initial coverage or increased coverage will not be available during the unpaid leave of absence. Premium may increase due to changes in the employee's age or premium rates during the unpaid leave of absence.

Insurance will lapse for employees who do not wish to continue insurance in force or who do not make arrangements to pay premiums during an unpaid leave of absence. It is recommended that employers obtain in writing the employee's decision to lapse coverage during the unpaid leave of absence.

An employee who returns from a leave of absence, during which time coverage lapsed, as an eligible employee will have thirty (30) days to apply for the plans and amounts in effect prior to the leave of absence except those plans that were cancelled.

The employer is responsible for providing the employee with an application to reinstate coverage, *Life Insurance Application/Cancellation/Refusal* (ET-2304). The employee must return a completed application form to the employer within thirty (30) days after the date the employee returns to work. Coverage is effective the first of the month following thirty (30) days after the date the employee returns from an approved leave of absence. For claims purposes, an employee's election date will be the point of reference for providing coverage and paying claims. Election date is the date of online enrollment or the date the paper application is received by the employer, but not earlier than the return to work date. The coverage amount when the employee re-enrolls will continue at the amount in effect prior to the lapse, or the amount that is based on actual prior calendar year earnings, whichever is higher.

NOTE: Employees on a leave of absence should <u>not</u> be advised to complete a cancellation. If employees do not wish to pay premiums during their leave of absence, they can elect to have their coverage lapse and have the option to reinstate coverage upon their return to work. If coverage is voluntarily cancelled, there is no reinstatement option.

B. School District Coverage During Summer Months

An insured employee who is employed during a normal school year period shall be considered to be in employee status during summer vacation, and the employee's insurance shall continue in force during that vacation. The premium for each month or portion of a month which falls within that vacation shall be paid either in advance or on a monthly basis by the employer.

Employee status for those on a school summer vacation shall be considered terminated pursuant to ETF 10.08(2) and (3) on the date an application for benefits is received by the Wisconsin Retirement System except that school year employees who are permitted to continue their coverage during summer vacation without renewing their contracts will be deemed to be terminated at the earlier of the effective dates of the retirement annuity or the end of the month for which advance premiums have been paid for the vacation period. The employer may allow a teacher who has not renewed a contract to continue insurance in force and to remit the premiums for the summer vacation period as if the employee had renewed a contract with that employer for the following school year.