

Life Insurance Payments to Beneficiaries

Purpose

This document describes payment guidelines for life insurance claims under the Research Foundation Basic Life and Optional Life insurance plans.

Overview

Basic and Optional Life Payments

Payment is made to the employee's designated beneficiary(ies) upon the employee's death.

Accidental Death and Dismemberment (AD&D) Payments

Additional payment is made under AD&D coverage if the dismemberment or death is the result of an accident. Death payments are made to the designated beneficiary(ies). Dismemberment payments are made to the employee.

Payment Guidelines for Death Benefits

In the event of an employee's death, the central office of human resources, benefits services unit will request the original Insurance Enrollment Form from operating locations. The form includes the life insurance beneficiary designation(s).

Central office will notify the beneficiary(ies) of the following payment guidelines:

1. Payment will be made to the primary beneficiary(ies) in the manner indicated on the enrollment form
2. If no primary beneficiary is living, benefits are paid to the secondary beneficiary.
3. If the beneficiary is a minor, proceeds will be provided to the beneficiary's estate and application must be made through the court for an appointment of a guardian to the estate. The carrier will require a notarized copy of the guardianship appointment prior to payment of the benefit.
4. If no beneficiary designation was made or the beneficiary has died, the carrier will make payment to the employee's estate.

Payment Guidelines for Accelerated Death Benefits

Benefits may also be paid to an employee prior to his or her death under the Accelerated Benefits Payment Option.

If an employee is diagnosed as terminally ill with an injury or illness resulting in a life expectancy of less than 6 months with no reasonable prospect of recovery, the employee may receive a one-time, lump-sum payment of:

- up to 75% of his or her combined basic life insurance benefit and optional (if applicable) life insurance benefit, not to exceed \$50,000

The minimum amount that can be accelerated is the lesser of:

- 25% of an employee's life insurance amount or
- \$50,000

Note:

1. The amount of life insurance coverage that remains in effect will be reduced by the amount paid out under the accelerated benefits provision.
2. An employee cannot be compelled by a creditor or government agency to elect this option. It is only available on a voluntary basis.
3. This benefit cannot be assigned to a third party.