

**Group Life**  
**Product Specification - Version 1.0**

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## [1] Overview

### [a] Introduction

**"Group Term Life"**, type of insurance coverage offered to a group of people. This coverage will provide a benefit to the beneficiaries if the covered individual dies during the defined covered period. As with other types of group benefits, group term life insurance is generally cheaper than comparable individual policy coverage. For this reason, group term life insurance is often a key component in employee benefit packages. **"Group insurance"** is an insurance that covers a group of people, usually who are the members of societies, employees of a common employer, or professionals in a common group. Group coverage can help reduce the problem of adverse selection by creating a pool of people eligible to purchase insurance that belong to the group for reasons other than for the purposes of obtaining insurance. In other words, people belong to the group not because they possess some high-risk factor which makes them more apt to purchase insurance (thus increasing adverse selection); instead they are in the group for reasons unrelated to insurance, such as all working for a particular employer. A feature that is sometimes common in group insurance is that the premium cost on an individual basis may not be risk-based. Instead it is the same amount for all the insured persons in the group."

As the policy owner, the employer or other entity keeps the actual insurance policy, known as the master contract. All of those who are covered may receive a certificate of insurance that serves as proof of insurance but is not actually the insurance policy.

This document describes the high level Product definition, benefits and options that will form the basis of a Group Term Life template.

This document specifically addresses business requirements for **Product** definition to support the Group Term Life Template product on Oracle Insurance Policy Administration (OIPA) system.

The Product Template will provide a broad range of variable Group Term Life benefits components/options from among which an enrollment-level Plan can be constructed. The Product Template must also allow for application of any or all Benefit Plan features at the appropriate level(s) within the "Party Management" structure.

Group Term Life Product Set Up includes the following processes and considerations:

1. The Group Term Life Product is first set up under Term Products. Then selections are made from the product options to create Group Term Life plans on appropriate levels – Company, Carrier, Group.
2. The amount of data required for plan options will depend on requirements for OIPA interfaces with other systems – primarily for claims and also for billing, accounting, and actuarial. In a simple set up, plan options could be limited to benefit percentages with pre-tax or after-tax options. Or the plan options could include various categories of disabilities and benefits that would be used by claims and other systems.

3. The selection of plan options leads to the issue of a policy on a group level with subsequent group activities. The plan options need to control what segments, status settings, and activities should be on individual coverage records after enrollment. For example, billing would occur on the group level, but there may be product options that require recording of premiums, benefits, or activities on the individual coverage record.
4. OIPA needs sufficient plan option data in order to automate processing. For example, when eligibility files are loaded from a pre-processor; OIPA needs to be able to calculate group premiums and charges based on plan options and the selections and status records of the individuals.

## **[b] Assumptions**

- [i] Pre-Determination of Benefits and Claims Administration/Payment

Requests for "Pre-Determination of Benefits" and actual Claims Administration and Payment will be supported outside of OIPA system, i.e. via some other claim process/system which may obtain some product parameters from OIPA system to be used to determine claims eligibility or claim payment amount for any participant of a Benefit Plan.

- [ii] Functionality to be Supported

The OIPA System will support the following functions:

- Group Customer Setup
- Product / Plan Setup and Administration
- Eligibility
- Enrollment determination / rules
- Member Level Transactions
- Plan Renewal
- Claim Notification
- Billing and Reconciliation

## **[2] Product Description and Limits**

### **[a] Product Name**

- [i] Alamere Term Life Product

### **[b] Issuing Company**

- [i] The Alamere Group Insurance Company (AGIC) is the company of issue

### **[c] Product Description**

- [i] The Alamere Group Term Life Product will offer a pre-tax and supplemental after-tax life insurance coverage that pays benefits to help meet employee financial obligations in the event of their death. Life insurance is a base coverage and the

employee is required to purchase a minimum amount of coverage for themselves. They may also have the option to purchase after-tax life insurance coverage for their spouse/domestic partner, their children, and domestic partner's children. Premiums for children are based on a flat rate and the coverage level you choose. Plan premiums for the employee and their spouse/domestic partner are based on the insured's age and the coverage level they choose. Rates increase as the insured's age and the cost for the insured and eligible spouse/DP will increase when the insured's age moves from one age band to another. In the event of death, benefits will be paid to the beneficiaries identified. The insured is automatically the beneficiary for their dependents. If the dependent dies while covered by the plan, benefits will be paid to the insured.

#### **[d] Effective Date of Product**

- [i] The effective date of the Term Life product is March 1<sup>st</sup>, 2010 for all states

#### **[e] Product Coverage Levels**

- [i] Employee
- [ii] Spouse
- [iii] Children

#### **[f] State Availability**

- [i] This product is available in all 50 US states, Puerto Rico, and Washington DC.

#### **[g] Backdating**

N/A

### **[3] Product Details**

The following Product Details will need to be supported:

#### **[a] Plan Information**

Detail	Values
Plan Types	Term

#### **[b] Employee Pre-Tax Life Insurance**

Alamere offers the choice of two levels of pre-tax life insurance coverage:

\$10,000 (minimum required - core coverage)  
\$50,000

## **[c] Age Brackets**

< 30 years old	50-54 years old
30-34 years old	55-59 years old
35-39 years old	60-64 years old
40-44 years old	65-69 years old
45-49 years old	70+ years old

## **[d] After Tax Life Insurance**

The employee may elect coverage for themselves and their eligible dependents, including spouse/domestic partner, children/domestic partner's children from birth to 21 years or to 23 years if they are full-time students (to age 25 in Texas). Expanded coverage for children to age 26 applicable to medical, dental, and vision coverage does NOT apply to life insurance. It is the employee's responsibility to remove ineligible dependents from coverage.

### **[i] After-Tax Life Insurance Coverage for the Insured**

- {1} The employee may choose from 1 times to 6 times their annual salary of after-tax life insurance coverage for themselves. The maximum combined pre-tax and after-tax life insurance they may purchase is \$2,050,000. Upon initial eligibility (e.g. new hire) evidence of insurability is NOT required for any level of life insurance.

### **[ii] Life Insurance Coverage for Your Spouse/Domestic Partner**

- {1} You may choose from the following levels of after-tax life insurance coverage for your spouse or domestic partner:
  - {a} \$5,000
  - {b} \$25,000
  - {c} 50% of 1 times to 6 times your annual salary

Life insurance coverage for the spouse/domestic partner is limited to 50% of the after-tax employee life insurance (or pre-tax employee life insurance if they do not elect after-tax) coverage or \$500,000; whichever is less. Upon initial eligibility (e.g. new hire) evidence of insurability is NOT required for any level of life insurance

### **[iii] Double Coverage**

- {1} If a spouse/domestic partner is an employee of the same company covered under their own employee life insurance coverage, the employee may choose to "double cover" him or her. The combined maximum amount of coverage is \$2,050,000 collectively.

### **[iv] Life Insurance Coverage for Children**

- {1} Employees may choose from the following levels of after-tax life insurance coverage for eligible children:
  - {a} \$2,500
  - {b} \$10,000
  - {c} 25% of 1 times to 6 times your annual benefits compensation

The election they choose covers all eligible children. Life insurance coverage for children is limited to 25% of after-tax employee life insurance (or pre-tax employee life insurance if they do not elect after-tax) coverage or \$250,000; whichever is less. You may elect coverage for your children/domestic partner's children from birth to 21 years or to 23 years if they are full-time students (to age 25 in Texas).

Expanded coverage for children to age 26 applicable to medical, dental, and vision coverage does NOT apply to life insurance. It is the employee's responsibility to remove

ineligible dependents from coverage. Upon initial eligibility (e.g. new hire) evidence of insurability is NOT required for any level of life.

**[v] Changing Life Insurance – Annual Open Enrollment**

During the annual Open Enrollment period, the insured can make the following changes to their current Life Insurance coverage – without evidence of insurability:

- Elect \$10,000 or \$50,000 in employee pre-tax life insurance (if previously waived)
- Increase existing after-tax life insurance coverage by ONE level
- Decrease life insurance to any level

Example: The current after-tax election is 2 x annual salary and they waived pre-tax coverage. During the annual Open Enrollment period they want to increase their coverage. They may:

- Increase coverage by one level – therefore they could increase their current coverage from 2 times to 3 times of annual salary. They are not eligible to elect 4 times or 5 times your annual benefits compensation
- Elect either pre-tax coverage of \$10,000 or \$50,000

**[vi] Changing Life Insurance – Qualified Family Status Change**

{1} The employee is eligible to make changes to life insurance as a result of a qualified family status change. The change rules and options available upon a qualified family status change event are the same as those noted above for Open Enrollment.

**[e] Other requirements**

There should be a segment for:

- Member required coverage
- Member additional coverage
- Spouse/Domestic Partner
- Each child

There will need to be a premium calculation and notify billing transactions. The required coverage will be paid by the Group Customer. The additional, spouse and child coverage will be paid by the member by payroll deduction.

There will need to be a death claim transaction.

**[4] Eligibility and Enrollment Provisions**

**[a] Eligibility Provision Data**

The product will need to support the following Eligibility Provision data:

Eligibility Provisions	Values
Employment Eligibility	Eligible Class is defined as follows: <ol style="list-style-type: none"> <li>1. All active full-time employees working minimum 30 hours per week (excludes temporary, seasonal, part-time employees) – Standard Option</li> <li>2. 40 hours per week</li> <li>3. 20 hours per week</li> </ol>
Eligible Start Date	Date Eligible for Insurance is as follows:

	<ol style="list-style-type: none"> <li>1. New Hires: As of the 1<sup>st</sup> of the month coinciding with or next following 30 continuous days of employment in an eligible class – Standard Option</li> <li>2. Current Employees: As of eligibility date – Standard Option</li> <li>3. Range: None; 30-360 days; 1-52 weeks; 1- 12 months; 1 year</li> <li>4. Period: As of eligibility date; As of 1<sup>st</sup> of the month following</li> </ol>
Eligible End Date	Date Your Insurance Ends is as follows (all Standard Options): <ol style="list-style-type: none"> <li>1. When Group Policy Ends</li> <li>2. When insurance ends for Employees class</li> <li>3. End of period for which premium has been paid</li> <li>4. Date Employee ceases to be in eligible class, or</li> <li>5. Date Employment ends</li> <li>6. Date Employee as of the last day a person is actively at work (or the last day of the calendar month in which a person is actively at work).</li> </ol>

## [b] Enrollment Provision Data

Each enrollment event will need to support the following data items:

Data Item	Possible Values
Enrollment Frequency	<ul style="list-style-type: none"> <li>• Annual</li> <li>• Special</li> </ul>
Effective Date	
Enrollment Start Date	MM must be valid month DD must be a valid date in the month 0229 is not a valid combination If MMDDYYYY then must be a valid calendar date
Enrollment End Date	MM must be valid month DD must be a valid date in the month 0229 is not a valid combination If MMDDYYYY then must be a valid calendar date

## [5] Calculations, Rates and Tables

### [a] Rates

The following rate types will need to be supported.

Member	Monthly	
Age	Male	Female
Under 30	\$2.44	\$1.67

Spouse	Monthly	
Age	Male	Female
Under 30	\$2.14	\$1.46

Child	Monthly
	0.94



30-34	\$3.04	\$1.76	30-34	\$2.48	\$1.37
35-39	\$4.07	\$2.10	35-39	\$3.43	\$1.63
40-44	\$6.21	\$2.87	40-44	\$5.31	\$2.31
45-49	\$10.32	\$4.24	45-49	\$8.91	\$3.51
50-54	\$17.43	\$6.38	50-54	\$14.99	\$5.40
55-59	\$28.73	\$9.64	55-59	\$24.30	\$8.22
60-64	\$47.15	\$15.46	60-64	\$38.97	\$13.02
65-69	\$74.89	\$25.74	65-69	\$62.77	\$22.18
70+	\$57.94	\$22.83	70+	\$49.16	\$19.61

## [6] Data Intake Preferences

### [a] Data

The product will need to support Data Intake Preference data:

Single/Multiple File	Single	Customer	File
Data Supplied by	Third Customer		Party
Customer Data Mode	FTP VPN Connect File Intake (FTS)		Direct
File Format	Flat File		
Customer Data Type	Population Eligibles Eligibles Participant	/  with Eligible	Universe  Class
Data File Sub-Type	Full File		
Full File Frequency	Weekly Monthly One Time		
Full File Period	1-6		
Partial File Frequency	N/A		

Partial File	No					
Number of Partial Files	N/A					
Status	Expected, Expected, Not Expected	Required, Required,	Fatal Warning			
Fatal Error Threshold	0-100					
Warning Error Threshold	0-100					
Start Date Option Sub-Type	1 <sup>st</sup> 1 <sup>st</sup> Specific File Received	of of date	the the date	current next of	month month month	
Start Date	1-31					
Termination Options	Termination Only					
Termination Date Change Options	N/A					
Consolidated Error Reports	All Run Enrollment Termination Errors	of	list	below(out	of	scope) totals