

Voluntary Critical Illness Insurance

**Voluntary benefits.
So important.**



Insurance coverage for recovery

Where luck fails, modern medicine has succeeded: More and more Americans are outliving cancer, stroke, heart disease and other critical illnesses. It's a mixed blessing. On the one hand, it's another chance at life and family. On the other, surviving a critical illness brings with it considerable financial demands at a time when life is plenty demanding.

There's life insurance for loved ones who live on. There's disability insurance to help recoup lost income when an illness keeps you from your paycheck. But what about the gaps—those additional expenses that come with battling a major disease, when you're least able to meet them? As a hedge against the lost income, out of pocket medical expenses and all the "little things" that add up, there is Voluntary Critical Illness Insurance (VCI) from Reliance Standard.

The VCI plan offers employers a valuable benefit at no direct cost, and employees an excellent opportunity to purchase valuable coverage in the increments right for their family, through convenient payroll deduction. Key plan features include:

- ▶ Coverage from \$5,000 to \$50,000 for employees and spouses
- ▶ Dependent child(ren) coverage (Guaranteed Issue)
- ▶ Portability
- ▶ FMLA/MSLA continuation
- ▶ Tobacco user/Non-Tobacco user rates available
- ▶ Five-year age-banded rates
- ▶ Wellness benefit standard, may be excluded
- ▶ Option to include or exclude cancer coverage
- ▶ May be purchased as 100% employee paid or contributory
- ▶ HSA-compliant plan design available

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The Coverage

- ▶ VCI provides a fixed, lump-sum benefit upon diagnosis of a critical illness, which can include heart attack, stroke, paralysis and more.
- ▶ Critical illnesses fall into three categories, as follows:
 - Cancer Related
 - Cardiovascular Related, such as heart attack, stroke, aneurysm or coronary artery bypass
 - Other, such as blindness, coma, kidney failure, major organ transplant, paralysis, etc.
- ▶ Standard benefit waiting period is 30 days

The Benefit

- ▶ Employees may elect an amount of insurance from \$5,000 to \$50,000 in \$1,000 increments
- ▶ Spouses under age 70 are eligible for an amount of insurance from \$5,000 to \$50,000 in \$1,000 increments (typically matches and may not exceed employee's approved benefit)
- ▶ No standalone spouse coverage—employee must be covered
- ▶ Dependent children, when covered, receive a benefit equal to 25% of the employee's approved benefit up to \$12,500

The Plan Design

Key plan features unique to VCI include:

Basic: 100% of Amount of Insurance	▶ Payable for major critical illnesses including Heart Attack, Stroke, Life-threatening Cancer, Major Organ Transplant and Kidney (Renal) Failure. Cancer may be excluded if a policyholder already has a separate cancer policy.
Partial: 25% of Amount of Insurance	▶ Partial benefit is payable for coronary artery bypass and cancer in situ.
Enhanced: 100% of Amount of Insurance	▶ Employer may elect to include an enhanced benefit applicable to less common critical illnesses such as Paralysis, Coma, Severe Brain Damage, Blindness, Ruptured Cerebral, Carotid or Aortic Aneurysm.
Wellness (Health Screening) Benefit	▶ Employer may elect to offer an optional lump sum benefit of \$50 payable in consideration of one approved health screening or diagnostic test in a 12-month period such as mammography, chest x-ray, various blood tests, colonoscopy, pap smear and others.
Recurrence Benefit	▶ A reduced benefit (50%) is payable for a critical illness diagnosed in the SAME category as one already diagnosed and payable, provided the diagnoses are at least 18 months apart (standard).
Lifetime Maximum Benefit per Category	▶ The maximum aggregate amount payable under the policy for diagnoses grouped within the three categories above (cancer-related, cardiovascular-related and other). The lifetime max is 200% of the amount of insurance for each category.
Subsequent Occurrence Benefit	▶ A benefit is payable for a critical illness diagnosed in a DIFFERENT category from one already diagnosed, provided the diagnoses are at least 6 months apart (standard).
Concurrent Diagnoses	▶ When more than one covered critical illness is diagnosed at the same time, the highest applicable single-diagnosis benefit will be paid.
Other	▶ Portability is included; the standard pre-ex limitation is 12/12 subject to state requirements; other exclusions and limitations apply.

“That will never happen to me.”

This is what we all hope. But increasingly, Americans are outliving their illnesses — and their nest eggs. In 2012, 26.8% of families in the United States experienced the financial burden of medical care. Almost 1 in 6 families had problems paying medical bills in the past 12 months and 1 in 10 families had medical bills that they were unable to pay at all, many of whom had health insurance.¹

¹National Center for Health Statistics, January 2014.

1 in 6

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Eligibility

- ▶ Eligible employees are all active full-time employees working a minimum of 30 hours per week. Spouses must be under the age of 70 at the date of application in order to apply for this coverage.
- ▶ Employee must be insured for dependents to be covered. A person may not have coverage as both an employee and as a covered dependent.

Guaranteed Issue (GI) and Amounts Above GI

- ▶ If an eligible employee or spouse applies for coverage within the initial enrollment period (31 days of becoming eligible), an amount of coverage may be automatically accepted. All dependent child coverage is guaranteed issue.
- ▶ Applications for insurance over GI or applications made beyond the first 31 days of becoming eligible are subject to evidence of insurability submitted to and approved by Reliance Standard.

Portability

- ▶ The employee may be able to keep his/her insurance (and any Dependent Insurance) if he/she becomes ineligible. The employee must have been covered for at least 12 months and can be given credit for time under the prior carrier's plan. He/she can elect lower benefit amounts at the time he/she ports coverage, however the plan must include all the same coverages. Premiums are direct-billed to the insured on a quarterly basis.

First Diagnosis

- ▶ Employees, who have experienced an initial diagnosis of a critical illness prior to obtaining coverage with Reliance Standard, can still be covered at the same benefit levels as those who have never been diagnosed with a previous critical illness, subject to the pre-existing condition limitation. In our standard plan design, Reliance Standard does not exclude first diagnosis/first occurrence of any type of critical illness.

Limitations

- ▶ **Pre-existing Condition Limitation**
Our Critical Illness plans include a “12/12” pre-existing condition limitation subject to state requirements. A pre-existing condition is any condition (whether diagnosed or not) for which an insured sought, treatment, advice, care or services from a doctor, or for which he/she took prescribed drugs or medicines within a specified period of time (12 months) before the individual effective date of coverage. Benefits would not be payable for a disability due to a pre-existing condition, should the insured become disabled due to such pre-existing condition within the first 12 months of coverage.

Exclusions

The following is a list of some of the exclusions. A critical illness benefit will not be paid under the following circumstances:

- ▶ Intentionally self-inflicted injuries
- ▶ Act of war, declared or undeclared
- ▶ Committing a felony
- ▶ Injury or sickness that occurs while the insured is confined in a penal or correctional institution
- ▶ Participation in a riot or insurrection
- ▶ Critical Illness which is diagnosed before or during the Benefit Waiting Period

For a comprehensive list of exclusions, please refer to the policy.

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