

Life and Disability Insurance Glossary



This is a list of general insurance terms. For specific terms and conditions regarding a specific plan, please refer to the policy, Joinder Agreement, or Certificate of Insurance.

Active, Full-Time Employee: An individual must work for the employer on a regular basis in the usual course of the employer's business to be considered an active, full-time employee and thus be eligible for coverage. Usually, a minimum number of hours of regular work are specified.

Accidental Death and Dismemberment Insurance (AD&D): A benefit that provides an amount of money if an insured suffers a loss as a result of bodily injury or loss of life affected solely through accidental means.

Actively at Work: The performance of an eligible employee's substantial and material duties of their job at their employer's place of business, or any other place of business to which their employer requires them to travel and satisfying the minimum hour work requirement.

Administration/Administrative Fee: A fee for services provided by the agent.

Annual Enrollment: A yearly event in which eligible employees are allowed to apply for coverage.

Any Occupation: An insured will be considered disabled only if he or she is unable to work in any occupation for which he or she is qualified by education, training, or experience.

Applicant: The party applying for an insurance policy.

Basic Earnings: The base wage of earnings an employee would receive from the employer prior to the date that disability starts. It may also include earnings for extracurricular activities as part of the employment contract. Basic earnings usually do not include bonus, overtime, or any plan of deferred or extra income, unless specifically stated in your policy.

Beneficiary: The person designated by the insured to receive benefits under the policy if the insured dies.

Benefit Percentage: The percentage of the insured's pre-disability income, up to an overall maximum benefit amount, that will be the amount payable to the insured upon disability, prior to any taxes being withheld or eligible offsets being deducted.

Break Feature: A provision which, if included in your long term disability plan, may allow an Insured to attempt to return to work during their elimination period without having to re-satisfy the elimination period. This may also be called the cumulative elimination period.

Carrier: The name of the insurance company.

Census: A list or spreadsheet of all eligible and/or enrolled employees. Information such as full name, Social Security number, birth date, occupation, gender, date of hire, insurance amounts, and annual salary are generally required.

Certificate of Insurance: The document the employee receives explaining their benefits as well as the terms and conditions for those benefits.

Claim: A request made by the employee or the employee's beneficiary, for payment of benefits as provided by the policy.

Contributory: The employee is responsible for a portion of the premium or full premium amounts.

Conversion: An option which allows the insured who leaves the group plan to convert their group life coverage to any plan of individual life insurance with that same insurance carrier, regardless of their state of health. Written application must be made within the 31 day period following termination. The premium will be based on the employee's age on the nearest birthday upon issue, the class of risk to which they belong, and the premium rate in effect on the date of conversion.

Cumulative Elimination Period: A provision which, if included in your long term disability plan, may allow an insured to attempt to return to work during their elimination period without having to re-satisfy the elimination period. This may also be called break feature.

Definition of Total Disability: The definition of total disability is used to determine an employee's eligibility for benefits.

Dependent: An employee's spouse (who is a non-employee of the employer) and/or their unmarried dependent children usually from age 14 days to 19 years of age or as specified in within the Joinder Agreement. If the eligible dependent is a full-time student, coverage is normally provided until age 26.

Dependent Life: An optional benefit that may or may not be included in your plan. It provides coverage for an insured's dependents, usually at the employee's expense.

Disability or Disabled: Due to injury or sickness, an employee cannot perform each of the substantial and material duties of their regular occupation for a defined amount of time as specified in the Joinder Agreement and Certificate of Insurance. After this specified amount of time, the employee cannot perform each of the substantial and material duties of any gainful occupation for which they are reasonable fitted by training, education, or experience. The employee needs to be under the regular care and attendance of a licensed physician throughout their entire disability.

Duration of Benefits: The length of time benefit payments will last.

Effective Date: Date which the policy/employee is active.

Eligibility Date: The date an employee becomes eligible for insurance under the policy.

Eligibility Requirements: The conditions a person must meet in order to be a participant in a group life insurance or group disability plan.

Elimination Period: The continuous period during which an insured must be disabled before benefits become payable. No benefits are payable during the elimination period.

Employee: A person who is currently working for the participating employer for wages.

Employer: Any participating employer signing a Joinder Agreement and named in the Schedule of Benefits.

Enroll: To complete the appropriate enrollment materials with the intention of being approved for the selected coverage.

Evidence of Insurability (EOI): A health questionnaire completed by an employee showing that they (or their spouse and/or dependents) are in good health. Evidence of Insurability is often required for coverage over the guarantee issue limit and late enrollees.

Exclusions: A specific condition or circumstance for which the policy will not provide benefits.

Grace Period: The period of time after the premium due date during which the policy remains in force without penalty or termination.

Guarantee Issue Limit: The highest amount of coverage an employee can apply for without being subject to Evidence of Insurability.

Injury: Bodily injury resulting directly from an accident and independently of all other causes. The injury must occur and disability must begin while the insured is covered under the policy.

Insured: An employee and/or his or her dependents who meet the eligibility requirements for coverage under the policy.

Late Enrollee: An employee who did not elect coverage within 31 days of the date of eligibility or during a specified initial enrollment period, but now wants to elect coverage.

Leave of Absence: Permission to be absent from duty or employment.

Life Insurance: Insurance that pays a stated amount of monetary benefits upon the death of an insured.

Licensed Physician: A legally qualified practitioner, other than the insured or a member of his or her

immediate family, who is licensed by law to treat the sickness or bodily injury causing the disability.

Limitations: Specific provisions included in the group disability policy that limit coverage in certain situations. For example, often only limited benefits are payable for disabilities caused by mental illness and pre-existing conditions.

Long Term Disability Insurance (LTD): Insurance for an employee who incurs a disability that may replace a portion of an insured's earnings if they are unable to work due to sickness or injury.

Maximum Annual Covered Salary (MACS): The maximum amount of annual basic earnings that will be covered by long term disability insurance.

Maximum Benefit Period: The maximum length of time for which benefits are payable under the plan as long as the employee remains continuously disabled.

Maximum Monthly Benefit: The highest monthly benefit available to a disabled employee, regardless of their actual salary.

Minimum Monthly Benefit: The minimum amount of benefit an insured may be eligible to receive.

New Hire: An eligible employee hired on or after the effective date shown on the Joinder Agreement and who meets the eligibility requirements for coverage.

Non Contributory: The employer is responsible for premium amounts.

Open Enrollment: A period of time in which employees may sign up for coverage and may not be subject to Evidence of Insurability.

Optional/Supplemental Life: An optional benefit that may or may not be included in the employer's plan. It provides additional amounts of coverage, above what is offered under the employer plan, which an employee can apply for. This additional coverage is usually paid for by the employee and may be subject to Evidence of Insurability.

Own Occupation: A definition of disability which states that as long as the insured is unable to perform the duties of his or her regular occupation(s) at the time of disability, the insured will be considered eligible to receive the full benefit under the policy.

Paid-Up Insurance: A life insurance policy where all premiums have been paid and coverage is still effective.

Partial or Residual Disability: An insured's physical inability to perform some, but not all, of the duties of his or her regular occupation due to sickness or injury.

Participation Level: The percentage level of eligible employees versus those who have elected to participate in a contributory coverage. Participation levels are reviewed annually.

Payroll Deduction: A premium payment method for individual insurance under which an individual's employer deducts the employee's premium amount from his or her paycheck and sends the premium to insurer.

Policy: The filed document each insurance carrier has which explains the benefits they provide as well as the terms and conditions under which both the carrier and employers must abide by.

Policyholder: A named person or group that has an insurance policy.

Portability: This benefit allows an eligible employee to continue their coverage if employment should terminate under certain circumstances.

Pre-Existing Condition: A sickness or injury for which an insured has had medical attention at any time during a specified period just before the effective date of their insurance under the policy. There is no coverage for a disability caused or contributed to by a pre-existing condition unless the disability began after the employee's insurance has been in effect for a specified period of time.

Pre-Disability Earnings: The amount of an employee's wages or salary that was in effect and covered by the plan on the day before the disability began.

Premium: The amount of money paid to keep the policy effective.

Probationary Period: The continuous length of time an employee must serve in an eligible class to reach their eligibility date.

Rate: Refers to the cost of insurance. The long term disability rate is generally stated as a percentage of covered payroll or a cost per \$100 of coverage. The life rate is generally stated as a cost per \$1,000 of coverage. The short term disability rate is generally stated as per \$10 of weekly benefit.

Reductions: A decrease in the amount of benefit upon attainment of defined ages.

Renewal: The date the insurance policy renews.

Recurrent Disability: A disability which is related to or due to the same cause(s) of a prior disability for which a monthly benefit was payable.

Schedule of Benefits (SOB): Part of the certificate of insurance. The schedule lists individual classes, their benefits, and any deviations from the policy.

Short Term Disability Insurance (STD): Insurance for an individual who incurs a disability that generally lasts for a shorter period time.

Sickness: An illness or disease that causes disability. The disability must begin while the employee is insured under the policy.

Spouse: A person who is legally married to the insured employee or a domestic partner if specified within the Joinder Agreement/Certificate of Insurance.

Supplemental/Optional Life: An optional benefit that may be included in your plan. It provides additional amounts of coverage, above what is offered under the employer plan, which an employee can apply for. This additional coverage is usually paid by the employee and may be subject to Evidence of Insurability.

Termination: A defined age or time when coverage ends.

Total Disability: The physical or mental inability to perform the major duties of one's occupation because of sickness or injury.

Voluntary Life Insurance: Group life insurance which is offered through the employer but paid for by the employee.

Voluntary Long Term (Short Term) Disability Insurance: Group long term (short term) disability insurance which is offered through the employer but paid for by the employee.

Waiting Period: The continuous length of time an employee must serve in an eligible class to reach their eligibility date.

Waiver of Premium: For Long Term Disability: Payment of premium is waived for any insured employees while long term disability benefits are payable. Premium payments are always required during the elimination period.

For Life: If an Insured becomes totally disabled, the company may waive the premium for that insured and his or her dependents for a specified period of time. Maximum age and length of continuous total disability requirements may apply.