

Life Insurance – Frequently Asked Questions



Benefits, Payroll, and Retirement Operations Section (BPROS)

Frequently asked questions

Q. What key changes to supplemental life insurance are available during open enrollment this year?

There are several new options available this open enrollment related to life insurance:

- Overall value of coverage is increasing from a maximum of \$400,000 to \$750,000.
- Employees may now choose from 1x to 6x their base annual salary (currently is 1x to 4x). These enhanced options remain in place moving forward.
- Opportunity for employees previously not enrolled to sign up for coverage (employee only).

Q. Who is eligible for these enhanced supplemental life insurance changes?

These changes are available to employees who are eligible to select supplemental life insurance based upon base annual salary and are in the Regular (JLMIC) and ATU (Full-time, Full-Benefit) benefit groups. Employees in other benefit groups and employees who have life insurance based upon increments of \$25,000 are not eligible for this one-time enhancement.

Q. What is Evidence of Insurability (EOI)?

This term is used to describe when an employee must provide medical information to receive certain levels of coverage. This process begins with a medical questionnaire but may also require information to be completed by your healthcare provider.

Q. What does it mean to be a late enrollee?

A late enrollee is defined as an employee who did not elect coverage at the time of hire or when first eligible for coverage. Employees that elect supplemental life insurance after their initial opportunity are considered “late enrollee’s” and may be subject to different evidence of insurability (EOI) requirements.

Q. When will employees see increases for new life insurance elections?

Employees with approved coverage increases will see their new premiums reflected on their first paycheck of 2023 (Jan. 5, 2023, paycheck). Any amount of coverage that exceeds the EOI will not be reflected until EOI has been approved by the life insurance vendor.

Q. How is evidence of insurability impacted (EOI)?

The EOI process will be impacted in a few different ways. Employees previously had a cap of \$400,000 and were never required to submit EOI. Employees in the groups described above can now increase their coverage levels but will also now be required to provide medical information (EOI) differently. Here is a breakdown of how EOI is impacted:

- a. Employees not currently enrolled: Employees that are not currently enrolled in supplemental life insurance may elect 1x to 6x their base annual salary up to the \$750,000 cap. Employees will be required to have the entire amount subject to EOI which means that employees will be required to complete medical information to receive any amount of coverage.
- b. Employees currently enrolled: Employees that are currently enrolled in supplemental life insurance may increase their election from 2x to 6x their base annual salary. Some election amounts may require evidence of insurability (medical information).
 - i. **Increase coverage by 1x current election**: No EOI required unless the value exceeds \$400,000.
 - ii. **Increase coverage by more than 1x (up to max of 6x)**: EOI (medical information) required on all coverage elected beyond 1x current election amount and for all coverage that exceeds \$400,000.

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Q. What will happen with my coverage if I do not make changes during open enrollment (Nov. 1-15)?

Employees who wish to increase their supplemental life insurance values must do so during open enrollment this year. Employees that do not make a new election during open enrollment will keep their current coverage maximum and election amount.

Q. How do I determine my new premiums for 2023?

The best way to determine premiums is to enter the online enrollment system. When coverage is changed on the *Supplemental Life Insurance* tile it will show on that screen but also on the main open enrollment tile screen as well as a pie chart near the top of the page.

Q. Are the general supplemental life insurance rates increasing in 2023?

Yes, the overall rates were already scheduled to increase between 3-5% which is separate from the increased coverage levels and premiums that employees may elect during open enrollment.

Q. Will I be required to pay for additional coverage while awaiting a decision on EOI?

No, employees will not pay additional premiums or be eligible for any enhanced coverage until King County's life insurance vendor (Securian/Minnesota Life) makes a determination. Employees will be responsible for paying new premiums up to the EOI limit.

Q. What happens if my new supplemental life insurance premiums are higher than I expected?

Employees who elect any supplemental coverage always have the option to reduce their coverage amounts at any time. To reduce coverage, you must complete this form [Life & AD&D Change Form](#) which should be processed within two pay periods.

Q. Can I receive a refund on my supplemental life insurance if I made a mistake on my election or now have higher than expected premiums/coverage?

No. Premiums for any supplemental coverages are not refundable. Employees are responsible for determining the correct level of coverage to meet their needs. If coverage is either too expensive or no longer needed it is the employee's responsibility to take action by either reducing/dropping coverage during open enrollment or after open enrollment by using this form [Life & AD&D Change Form](#).

Q. What should I be aware of when deciding to reduce my supplemental life insurance coverage?

It is very important to understand that you may reduce/drop your supplemental life insurance at any time. But, there are often limited opportunities to add new coverage and you may be subject to evidence of insurability requirements (obtaining medical information).



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Supplemental Life Insurance Scenarios:

Each of the below scenarios are only provided for reference. An employee's specific situation, age, salary, and current coverages will impact final costs. Supplemental life insurance rates are based upon certain factors such as age and amount of approved coverage. Examples of EOI are only for reference and display the one-time opportunity this open enrollment only. Once open enrollment closes, the requirements for Evidence of Insurability return to normal. Rates also include an assumption of a 3-5% general rate increase.

#1.) A 54-year-old employee who has a base annual salary of \$165,000/year is covered by the Regular (JLMIC) benefit plan and has currently elected 4x their base annual salary. This scenario assumes the employee is turning 55 and desires to remain at 4x.

A. Current Coverage:

- a. Current maximum coverage is capped at \$400,000
- b. Based upon salary, employee currently has elected 4x BAS with a maximum of \$400,000
- c. Current annual cost of supplemental life insurance: **\$902.40**

B. New Options:

- a. Eligible to elect up to 6x base annual salary (max of \$750,000)
- b. Employee elects to remain at 4x base annual salary ($4 \times \$165,000 = \$660,000$)
- c. Employee receives \$400,000 without providing evidence of insurability and could be approved for the additional \$260,000 by providing medical information
- d. New annual cost of supplemental life insurance: **\$2,740.32** (assumes coverage is approved to \$660,000)

#2.) A 42-year-old full-time transit driver who has a base annual salary of \$65,000/year is covered by the ATU full-time, full-benefit plan and has currently elected 3x their base annual salary. This scenario assumes the employee is turning 43 and desires to increase to 6x.

A. Current Coverage:

- a. Current maximum is capped at \$400,000
- b. Based upon salary, employee currently has elected 3x BAS ($3 \times \$65,000 = \$195,000$)
- c. Current annual cost of supplemental life insurance: **\$159.12**

B. New Options:

- a. Eligible to elect up to 6x base annual salary (max of \$750,000)
- b. Employee elects new 6x base annual salary ($6 \times \$65,000 = \$390,000$)
- c. Employee receives \$260,000 in coverage without providing medical information (1x additional step) and could be approved for the additional \$130,000 by providing medical information. Employee is moving from current 3x to new 4x their BAS.
- d. New annual cost of supplemental life insurance: **\$332.28** (assumes coverage is approved to \$390,000)

#3.) A 35-year-old Public Health nurse who has a base annual salary of \$100,000/year is covered by the Regular (JLMIC) benefit plan but previously did not elect supplemental life insurance and is considered a "late enrollee".

A. Current Coverage:

- a. Current coverage is capped at \$400,000
- b. Employee does not have any coverage and is considered a "late enrollee"

B. New Options:

- a. Eligible to elect up to 6x base annual salary (max of \$750,000)

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- b. Based upon salary, employee could be eligible for up to \$600,000 (6 x \$100,000)
- c. Since employee is considered a “late enrollee” it means that the entire amount of coverage elected will be subject to evidence of insurability which means providing medical information to life insurance vendor. If the employee is denied it means being denied for the entire amount of elected coverage.
- d. Annual cost of supplemental life insurance: **\$403.20** (assumes coverage is approved to \$600,000)