



Waiver of premium

Ensuring life insurance coverage continues during a long-term disability

An approved waiver of premium benefit allows employees who become disabled for an extended period of time to continue their life insurance coverage without paying premiums.

Group life insurance can provide valuable protection for employees who do not own individual life insurance, or it can supplement other policies for more robust coverage.

Since group life insurance is offered at work, what happens to an employee's coverage if they are away from work due to a disabling illness or injury? Do employees risk losing their group life insurance coverage if they can't make premium payments?

A waiver of premium benefit can help in this situation. A waiver of premium may allow employees who become disabled for an extended period of time to continue their life insurance coverage without paying premiums.

The process for obtaining waiver of premium benefits varies, so here are some of the questions you should consider when evaluating group life insurance carriers.

How long is the elimination period?

The elimination period is the time between the onset of a disability and the time employees are eligible to receive waiver of premium benefits. The duration varies by carrier and contract, but six or nine months is typical. During this time, the insured must be disabled within the meaning of the group life insurance certificate.

At the end of the elimination period, if the carrier determines that an insured has been disabled through the entire elimination period and continues to be disabled, he/she is entitled to receive waiver of premium benefits, provided that all other conditions set forth in the insurance certificate are met.

What are the age limitations for waiver of premium benefits?

Most group life insurance certificates limit waiver of premium benefits to individuals below a specified age. Be sure to review your carrier's policy to ensure you know what these limits are for your group's plan.

[Continued >](#)

When should a claim for waiver of premium benefits be submitted?

In general, a waiver of premium claim should be submitted if an employee has been continuously away from work due to illness or injury for the elimination period specified in their group life insurance certificate.

How are premiums paid during the elimination period?

Refer to your group life insurance certificate or consult the carrier to determine whether and how group life insurance premium payments should be paid during the elimination period.

What information is needed to file a waiver of premium claim?

This depends on the carrier. In general, carriers require personal information such as date of hire, effective date and coverage class, date of birth, Social Security number, and (if applicable) employment termination date. Other documentation may include:

- Medical records or certification from the claimant's treating physician.
- An Authorization for Release of Medical Information form completed by the claimant.

Does the definition of "disability" vary among carriers?

Yes. Different carriers have different definitions of disability. An individual may be considered disabled within the meaning of one group life insurance certificate, but not another. In addition, an individual may be considered disabled within the meaning of the individual's short- or long-term disability insurance coverage, but not considered disabled for the purpose of waiver of premium benefits.

What if an employer transitions to a new group life insurance carrier during an individual's elimination period?

Provisions in both carriers' certificates should address whether the new or old carrier is responsible for any applicable waiver of premium benefits. These provisions should be read very carefully to ensure that the claim for waiver of premium benefits is filed with the correct carrier. If you transition from one carrier to another, you'll want to confirm the appropriate provisions are in place for a smooth transition between carriers.

What happens if waiver of premium benefits and long-term disability benefits are handled by different carriers?

When a group's life insurance policy and long-term disability benefits are provided by the same carrier, claim teams can more efficiently confirm key items such as the insured's last day worked, that the person is not over the limiting age for waiver of premium, and whether the insured's condition passes the certificate's definition of disability. An added benefit is that policyholders will only need to communicate with one carrier.

On the other hand, when an employee on a covered long-term disability claim with one carrier applies for waiver of premium benefits with another carrier, it may be difficult to share information between carriers. In this situation, the claimants and policyholder may need to submit information separately, which could mean duplicating efforts.

When group life and disability benefits are issued by the same carrier, claim teams can more efficiently confirm key items to help streamline the waiver of premium process for claimants and policyholders.

Have more questions?

Managing claims for waiver of premium benefits can be complicated. If you have additional questions, your group insurance carrier or benefits professional can guide you along the way.

For more information about waiver of premium benefits, talk with your group benefits representative.



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