

WHAT IS IT?

Supplemental Accidental Death and Dismemberment (AD&D) insurance protects employees against the financial impact of accidental death or dismemberment. This benefit is an employee-paid voluntary benefit offered in addition to basic life or AD&D insurance. Supplemental AD&D may be designed as a stand-alone election, or a linked enrollment with a benefit equal to the Supplemental Life insurance election. Dependent AD&D coverage is typically available with benefit coverage as a percentage of the employee amount.

WHY OFFER IT?

- Additional financial security for employees and their families.
- Allows employees to purchase coverage for their spouse and/or dependents. Typically, spouse and dependent coverage is not included in an employer-paid plan.
- According to the Centers for Disease Control and Prevention, accidental injury is the leading cause of death for people under 35 years of age. For all ages, it is the 5th leading cause of death in the United States.
- Substantial AD&D employee and dependent coverage can be purchased for a relatively low premium.

WHAT TYPES OF EMPLOYERS OFFER IT?

Companies with lower amounts of employer paid life or AD&D insurance.

WHAT SIZE EMPLOYERS OFFER IT?

Typically companies with 100 or more employees.

WHAT ARE THE CRITICAL UNDERWRITING OR PARTICIPATION REQUIREMENTS?

- No medical evidence required
- Low minimum participation requirements, typically 5-10 employees. Participation requirements for Supplemental AD&D may be waived if the plan is offered alongside a Supplemental Life plan.

WHAT'S NEW IN THIS AREA?

- Employers may choose to modify eligibility for Supplemental AD&D to cover dependents up to age 26, to maintain consistency with medical plan eligibility requirements under the Affordable Care Act.
- Additional benefits available include: coma benefit, felonious assault benefit, child care assistance, education assistance, seatbelt/airbag bonus, and repatriation of remains.
- Many insurers are also offering value-added services for participants in connection with Supplemental Life or Supplemental AD&D policies, such as: travel assistance, identity theft protection, online will preparation, funeral planning services and financial counseling for beneficiaries.

HOW MUCH DOES IT COST?

Approximate monthly cost based on \$100,000 in employee coverage:

- Employee only: \$3
- Employee and Family: \$5

INFORMATIONAL LINK(S)

- [The Basics of AD&D Insurance](http://insure.com) (insure.com)

PROS AND CONS

PROS

- Supplemental AD&D pays in addition to any other insurance settlements.
- Employees pay through payroll deduction or direct billing by carrier.
- May be purchased for dependents.

CONS

- Exclusions apply and may include the following: suicide or self-inflicted injury, war, certain aviation accidents, and extreme hobbies such as sky-diving or bungee-jumping. Death or dismemberment must also occur within a certain time frame following the accident, anywhere from 90 to 365 days depending on the carrier's provisions, for the benefit to be payable.
- Employer is responsible for communication and enrollment campaign to ensure participation.
- Does not provide a benefit for death or loss resulting from natural causes, disease, or illness.
- There may be a reduction of benefits (usually a percentage of the original benefit) depending on age, which typically begins at age 65.

NOTES

AD&D benefits are paid based on the severity of the accident, illness or injury. The full principal sum will be paid for accidental loss of life. Partial or full payment results from loss of limb, sight or hearing, and paralysis depending on the applicable benefit schedule.



This Fact Sheet is designed to provide a general overview of the benefit program, service, or regulatory act it describes. The information included in this document is not a substitute for legal or professional opinion relative to a plan sponsor's particular fact pattern. Your ArlenGroup consultant can answer more specific questions relative to its application for your organization.