

ACCIDENTAL DEATH & DISABLEMENT

A common benefit explained

Accidental death & disablement (AD&D) insurance is a basic component of most group benefits plans. It provides coverage 24 hours per day, 365 days per year, on or off the job, anywhere in the world. AD&D insurance may also be offered in group benefits plans as an optional benefit to employees to purchase, as it provides additional personal, low-cost coverage and can cover their spouse and dependent children.

AD&D insurance pays a benefit in the event of a covered loss caused by an accident:

- Death of the insured person. The amount (known as the “principle sum”) is typically equal to the group life benefit, and is paid out in addition to life insurance if the cause of death was accidental.
- Disablement of the insured person. A lump-sum payment is paid to the employee in the event that an accident causes loss or loss of use of a limb(s), eyesight, hearing, etc. In the case of serious disability (i.e. paralysis) due to an accident, the benefit could be used to renovate a home or vehicle.

Paralysis, quadriplegia and hemiplegia (paralysis of one side of the body) are paid at two times the principle sum of insurance.

When injury results in a covered loss (disablement) within 365 days of the accident, the insurer will pay an amount based on the contract’s schedule of benefits. AD&D contracts also include supplementary benefits such as repatriation, rehabilitation and spousal retraining.

Employee eligibility

AD&D coverage is available to eligible employees, regardless of their health history. Coverage typically ends at age 70, depending on the contract. In Basic AD&D contracts, once an employee turns 65 and if the termination age is 70, the amount of AD&D insurance is reduced by 50%. There is no reduction clause for Optional AD&D.

Tax status of AD&D

The AD&D benefit, whether paid for death or disablement, is not subject to tax when received. Premiums paid by an employer are treated as a taxable benefit to the employee just like premiums paid for life insurance.

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Treat each client as if they were our only client.

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We are completely independent. We work for you and offer total flexibility on insurers and plans.

We offer all your group insurance services including administration, brokerage, consulting, and communications.

We provide dedicated client support, customization and flexibility to meet all of your company’s benefits needs. And we make **solid group plans simple.**



Beneficiary designation

In the event of the accidental death of the employee, benefits will be payable to the designated beneficiary or beneficiaries on file with the insurer. Where there is no beneficiary designation, the benefit will be payable to the employee's estate.

In the event other living benefits are payable, the beneficiary is the employee, with the exception of the Occupational Training Benefit and Education Benefit which would be payable to the insured person that suffered the loss.

Air travel limitations and exclusions

As with any type of insurance, there are limitations and exclusions to the coverage. Insurers are not prepared to accept certain types of aviation risk with AD&D coverage.

Here are examples of common AD&D policy exclusions:

- Standard group AD&D will cover the insured while they are riding as a passenger, but not as a pilot, operator or member of the crew.
- The aircraft must have a current and valid certificate of airworthiness.
- The aircraft must be piloted by a person who holds a current and valid pilot's licence of a rating authorizing him or her to pilot such an aircraft.

Standard AD&D policies specifically exclude injuries sustained in an accident associated with an aircraft owned or leased by the policyholder. An example of policy wording for this exclusion is:

"Riding as a passenger, pilot, operator or member of the crew, in or on, boarding or alighting from or

making a forced landing with or from any aircraft owned, operated, leased or chartered by the policyholder.

For basic AD&D, the policyholder is the employer; for optional AD&D, the policyholder is the employee.

Review your risk

If your business requires you to use a non-commercial, leased, chartered or privately owned aircraft, you may be at risk unless you have purchased coverage for your specific situation.

Optional AD&D

Some employers offer optional AD&D insurance that employees can choose to purchase on a single (employee only) or family (employee, spouse and dependent children) basis. The advantages for employees include:

- Group purchasing power – low rates
- Enhanced benefit provisions
- Payroll deductions
- Consolidated benefits communications with group benefits plan

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JOHNSTONE'S JOURNAL is published monthly and designed to provide topical information of interest not only to plan administrators, but to all employees who enjoy coverage under the benefit plan. Feel free to make copies and share with your employees.

