

Long-Term and Short-Term Disability (LTD and STD) insurance provides income replacement for members who become disabled and are unable to work due to accident, illness or injury. It typically covers a percentage of an employee's pre-disability earnings.

Life Insurance is a benefit that provides financial protection in the event of the employee's death. The policy pays a lump sum of money to the designated beneficiary(ies).

Typically, the amount of coverage is based on a multiple of the employee's annual salary. Coverage available through a benefit program will include both an overall maximum and a non-evidence maximum (NEM). The specific NEM amounts can vary from one group insurance plan to another, and are determined by the insurance provider based on a number of factors.

What is an NEM?

The non-evidence maximum (NEM) refers to the member's maximum coverage amount (based on annual salary and plan design) for Life, STD, and/or LTD without having to answer medical questions or undergo a medical exam. A member is automatically eligible for coverage up to the NEM limit without the need to provide proof of good health.

If a member's salary results in a benefit amount higher than the NEM, their coverage will be capped at the NEM unless they choose to apply for the excess insurance and provide the required medical evidence.

Inform Members of Excess Coverage

The plan administrator is responsible for ensuring employees are well-informed about their coverage:

- * Advise them if/when they have excess coverage available above the NEM to ensure they are properly insured.
- * Provide the member with the carrier's medical questionnaire necessary to apply for the additional coverage.
- * If approved, the insurance premiums will increase based on the increased coverage.
- * If declined, the member will not lose the coverage they currently have and will remain at the NEM.
- * If the member does not wish to apply for excess insurance, it is recommended they sign a decline letter to be kept on file and revisited annually.

** This is not a legal document, and is intended solely for informational purposes.*