

# The State of Delaware

Group Universal Life Insurance Benefit

SEBC Combined Subcommittee Meeting

June 17, 2024

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# Context for today's discussion

- The State's Group Universal Life (GUL) contract with Securian will expire on June 30, 2025
- Discussions with the Health Policy & Planning Subcommittee in April and May 2024 have focused on an overview of the background on the GUL program, the upcoming options for GUL renewal/procurement and an overview of the GUL vendor marketplace
- Subcommittee member feedback provided during the April meeting was shared with the SEBC:
  - Recommendation that the SEBC should move forward with a procurement for life insurance benefits
  - In the interim, negotiate a 1-year contract extension with Securian to allow for sufficient time to procure, implement and communicate a life insurance benefit offering that may be different from the State's current offering (e.g., term life coverage for employees)
- SEBC agreed with the Subcommittee's feedback and directed SBO/WTW to move forward with negotiating a 1-year extension of the current contract with Securian while also beginning work to move forward with a life insurance procurement
- Today's presentation will focus on answering follow-up questions from May's Subcommittee meeting, which explored benefit options that could be included in a life insurance procurement and potential impact of changing this benefit on plan participants

# Employee GUL coverage limit

- **Question:** When was the last time the employee GUL coverage limit (\$350,000 maximum) was reviewed?

Participant Type and Current SOD Offering	Current SOD Plan Design
Employee GUL and accidental death and dismemberment (AD&D) Employee-paid	1-6x base annual salary <b>Maximum coverage: \$350,000</b> AD&D benefit matches the GUL amount

- **Answer:**
  - According to Securian, the maximum level of coverage for employee GUL has not been increased for the State's plan since 2003.
  - WTW is evaluating what would be a reasonable increase to this maximum coverage amount under term life insurance as an alternative benefit in lieu of GUL, to be discussed at a future Subcommittee meeting

# Employee accidental death and dismemberment coverage

- **Question:** Can you provide more details about the State's current accidental death and dismemberment (AD&D) benefit?

Participant Type and Current SOD Offering	Current SOD Plan Design
Employee GUL and accidental death and dismemberment (AD&D) Employee-paid	1-6x base annual salary Maximum coverage: \$350,000 <b>AD&amp;D benefit matches the GUL amount</b>

- **Answer:**
  - AD&D insurance pays benefits in addition to GUL insurance in the event of the insured's accidental death or dismemberment and is often referred to as double indemnity insurance.
  - Employees enrolled in the GUL plan are automatically provided with AD&D coverage to age 70, unless an employee becomes totally disabled and approved for the premium waiver benefit (AD&D coverage will terminate upon the commencement of the premium waiver benefit).
  - The amount of AD&D coverage payable is based on the type of loss and the amount of insurance an employee has in effect at the time of the injury and/or accident. The amount of insurance payable excludes additional contributions, if applicable, to the optional cash value account.



# Plan participants with loans against their cash value accounts

- **Question:** This question is based on the scenario in which the SEBC decides to terminate the GUL policy and offer employees term life insurance instead. If a plan participant currently has a loan on their life insurance policy with Securian and coverage would end prior to the plan participant repaying the loan, could the participant port their coverage to stay with Securian and continue paying back the loan in installments rather than paying back the full amount of the loan by the contract end date?
  - **Reminder:** GUL includes the option for plan participants to make additional contributions to an interest bearing, tax-deferred cash value account for savings accumulation. Plan participants can take out loans on the cash value account balance.
- **Answer:**
  - According to Securian, this may be an option; the insurance carrier is exploring coverage continuation options for plan participants if the State terminates the GUL plan. More information should be available from Securian by late June.