

Group Life Waiver of Premium

Frequently asked questions

This brief overview answers some basic questions about Sun Life Financial's Waiver of Premium provision. Your Group policy provides you with more information. If you have additional questions about Waiver of Premium, please contact your local Sun Life Financial service representative.

What is "Waiver of Premium"?

The Waiver of Premium provision allows Group Life insurance coverage to continue without premium payments for employees who are Totally Disabled, as defined in the Group policy. Coverage is continued without further premium payments from the employee or employer.

The Waiver of Premium provision varies by contract. Please refer to your Group policy for details.

Who is eligible?

Generally, employees who are Totally Disabled are eligible. Total disability must begin before the employee retires or reaches the maximum age. (Please check your Group policy for the maximum Waiver of Premium age.)

What is Total Disability?

Generally, under the Waiver of Premium provision for Life coverage, a person is considered totally disabled if he or she is unable to perform the material and substantial duties of any occupation for which he or she is qualified (or becomes reasonably qualified) due to education, training, or experience. The disability must be caused by an injury or sickness.

- Material means only the important and/or productive duties of the occupation,
- Substantial means both the quantity and quality of performance of the main, productive, and/or important duties of the occupation.

For example, if John is a telemarketer for a computer company, his material duties are making telephone calls to people about products. He must make 140 telephone calls per day and connect with a "live" person while positively promoting the product. This is a substantial duty of his job. The quantity and quality expectations are known.

It is important not to confuse the definition of Total Disability for Waiver of Premium with the definition of Total Disability in your Long-Term Disability (LTD) Group policy. For most standard LTD contracts, a person is considered totally disabled if he or she is unable to perform the material and substantial duties of his or her own occupation. The LTD definition of Total Disability varies by contract. Refer to your Group LTD policy for exact information.

Sun Life requires objective medical evidence to support the claim for Total Disability.

Disability examples

Sally Smith is a receptionist at a museum. Her duties mostly include answering phones, directing visitors, and doing small word processing projects. She breaks her arm and it is in a cast. Sally can still perform the material duties of her job. She can answer the phone with her other arm. She will not be able to type; however, typing is a very small part of her job. Sally is not eligible for Waiver of Premium benefits because she is not considered to be totally disabled. She can still perform her current job.

Marc Smith is a neurosurgeon. He damages his right hand and loses two fingers. He can no longer perform surgery. He has the education and background to teach medical school. He is not eligible for Waiver of Premium because he is not considered to be totally disabled. He can perform another job.

John Doe worked as an air traffic controller at a busy metropolitan airport. As a result of an accident, he becomes permanently and totally paralyzed from the neck down. He is considered to be totally disabled and is eligible for Waiver of Premium. He cannot perform any job.

Is the employee automatically considered to be totally disabled if approved for Social Security disability?

No. Sun Life does not rely on the Social Security Administration decision. We perform our own in-depth medical and policy eligibility review. We require objective medical evidence to support any disability claim.

Is it possible to be approved for Long-Term Disability benefits, but not for Waiver of Premium benefits?

Yes. Most Long-Term Disability contracts require that the disability prevents an individual from performing his or her own occupation. With Waiver of Premium, the individual has to be unable to perform any occupation. Thus, a person may be receiving LTD benefits for an LTD Total Disability, but not eligible for Waiver of Premium.

What is the Waiting Period for Waiver of Premium with Sun Life?

There is no Waiting Period for Waiver of Premium benefits. An employee can apply as soon as he or she becomes totally disabled.

What are the requirements for Notice and Proof of claim?

Notice of Claim that the employee has become totally disabled, while insured, must be provided *within 12 months* after the employee ceases to be actively at work (the day that the employee was last physically present at work).

Proof of Claim that the employee has become totally disabled, while insured, must be provided *within 15 months* after the employee ceases to be actively at work.

Please note: waiting too long to give Notice of Claim (beyond 12 months) voids the employee's eligibility for Waiver of Premium.

When does the Waiver of Premium provision terminate?

Generally, Waiver of Premium terminates under any one of the following conditions:

- The employee ceases to be totally disabled
- The employee fails to provide required proof of continued disability
- The employee ceases to be under the regular and continuing care of a physician

For some policies, Waiver of Premium terminates:

- When the employee retires
- When the employee reaches age 70

For the purposes of the Waiver of Premium provision, an employee is considered to be retired when he or she receives any compensation from a retirement or pension plan of the employer, or when he or she reaches age 70, whichever is earlier. The specific terms and conditions of eligibility and terminations are outlined in your Group policy.

What if the employee is not eligible for Waiver of Premium, or reaches age 70?

The employee may have the option to elect Life Conversion within 31 days of the termination of Group Life insurance. This allows the employee to purchase an individual Life Insurance policy.

What if the employee also has Dependent Life and/or AD&D coverage?

Once the employee is approved for Waiver of Premium, Dependent and AD&D coverage is cancelled. However, dependents have the option of applying for Life Conversion upon cancellation of Group Life coverage. AD&D coverage cannot be converted.

Do age reductions for Life insurance apply?

Yes. Where the schedule of benefits provides for reductions at certain ages, these same reductions will apply to any amount continued under the Waiver of Premium provision.

Can the employer simply terminate the employee from the Group Life policy?

Yes. However, if the employee is out of work due to sickness or injury, the employer may continue Group Life coverage if the appropriate premium is paid for the employee for up to 12 months.

Before making any premium adjustments, please make sure you have received notice from Sun Life that the employee's Waiver of Premium has been approved.

If you receive notice that the employee's Waiver of Premium has been declined, the disabled employee still may have the option of applying for Life Conversion upon termination.

When can the employer stop paying premiums for the employee?

Premium can be continued for up to 12 months for the employee until Sun Life notifies the employer that Waiver of Premium has been approved. We also will notify the employer of any credits that can be taken on the premium statement.

What if an employee has applied for Waiver of Premium, but the employer terminates the Group policy before a decision is made?

If the employee is in the Waiver process and is found to be ineligible, and the employer has terminated the Group policy with Sun Life, then the employee may still have the option to apply for Life Conversion.

If the employee is found to be eligible for Waiver of Premium, Sun Life will continue the employee's Life coverage until his or her eligibility ends, no matter who the new carrier is for the employer. The terminated Group policy provisions will still apply to that employee.

What if the employee had not applied for Waiver of Premium but was totally disabled at the time the employer terminated coverage with Sun Life?

An employee's rights to any Waiver of Premium benefits are not affected by the subsequent termination of the Group policy. If the employee can provide proof of claim within 15 months of the disability, he or she could be eligible for Waiver of Premium benefits. For example:

- ABC Company terminates its Group policy on December 1, 2010.
- An employee files a claim and Sun Life receives it on January 1, 2011.
- The employee was disabled on November 1, 2010, and has proof of disability.
- The employee is found to be totally disabled and is eligible for Waiver of Premium.

Please note: To be eligible for Waiver of Premium, the employee must file Notice of Claim within 12 months of the date he or she was last physically at work. Proof of Claim must be provided within 15 months.

For more information about Waiver of Premium,
please contact your Sun Life Financial Service Representative.



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