

Group Term Life Insurance and Leave of Absence

This is a summary of benefits only. A complete description of benefits, limitations, exclusions and termination of coverage is provided in the certificate of insurance and riders which can be found at NCFLEX.org.

General Overview:

If an employee is no longer eligible for coverage because they stop being Actively at Work*, coverage may be continued subject to the terms of the Group Policy**, as long as premiums are paid, up to the length of time outlined below by type of leave.

If the employee is on a paid leave, premiums can continue through payroll deductions or by paying the administrator, LifeHelp, directly (checks should be made out to ReliaStar Life Insurance Company). If an employee is on unpaid leave, the employee must remit premiums directly to the administrator, LifeHelp (checks should be made out to ReliaStar Life Insurance Company). Full details on where to send premium payments to can be found in the NCFlex Admin Manual.

The length of time an employee can continue their coverage under the Group Policy will depend on the type of leave. Insurance stops on the earliest of the following dates (see Appendix for additional details):

- **FMLA**) = or as long as the employee meets the requirements set forth in the FMLA.
- **Sickness or Accidental Injury** = up to 12 policy months in which the employee stops Active at Work (runs concurrently with FMLA period).
- **Other approved non-medical Leave of Absence** = up to the end of first policy month after the policy month in which the employee stops Active at Work due to non-medical leave of absence, temporary layoff, or the Policyholder suspending operations.

If the employee either exhausts the length of time listed above for their leave type, or if they do not make premium payments when payments are due, they are no longer eligible under the Group Policy and their coverage under the Group Policy will end. (IMPORTANT NOTE –employment status that remains active and / or paid leave time remaining does not impact the rules of this policy provision)

At that time:

- If the employee is under age 70, they have the option to elect portability of their Group Term Life policy. Premiums will be paid by the employee directly to ReliaStar Life Insurance Company.
- If the employee is over age 70, they have the option to Convert their coverage to an individual Whole Life policy. Premiums will be paid by the employee directly to ReliaStar Life Insurance Company.

IMPORTANT - Portability and/or Conversion **MUST** be elected within 31 days of the date the employee's coverage ends under the Group Policy. If an employee wishes to learn more about Portability and/or Conversion, please direct them to the administrator, LifeHelp, at 1-877-464-5111 or visit ncflex.org. In all cases, premiums must be paid directly to ReliaStar Life Insurance Company beginning on the first day of the month following the date portability is elected.

Note: A waiver of premium may be available if the employee is considered totally disabled prior to age 60. The employee may contact LifeHelp for information on how to apply for a Waiver of Premium.

Definitions:

***Active Work, Actively at Work** – the employee is physically present at his or her customary place of employment with the intent and ability of working the scheduled hours and doing the normal duties of his or her job on that day.

****Group Policy** – the written group insurance contract between ReliaStar Life and the Policyholder (i.e., the State of North Carolina/NCFlex).

*****Reinstatement** - ReliaStar Life will reinstate the employee's insurance if he or she stops work and then returns to work within 31 days. The employee will be eligible for insurance on the date he or she returns to active work with the Policyholder.

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NCFlex Process by Leave Type to Continue Employee's Coverage under the Group Policy:

FMLA (coverage can be continued for as long as the employee meets the requirements set forth by FMLA and premiums are paid).

Non-Medical Leave of Absence (coverage can be continued up to end of first policy month after the month in which an employee stops actively working and premiums are paid).

- **HBR Process** – term employee using Non-medical Leave of Absence at the end of the month after the month in which an employee goes out on a non-medical leave. This will prompt LifeHelp to send the employee a portability package. The field on the LifeHelp file will contain LOA 31-60 to distinguish a non-medical LOA from a medical LOA.
 - **Example:** Employee goes out on a non-medical leave of absence on 1/15/2021. The employee can continue their active coverage through 2/28/2021. Employee should be termed 2/28/2021. Employee has until 3/31/2021 to elect portability.

Medical Leave of Absence (coverage can be continued up to 12 policy months in which the employee stops Active at Work from the last day worked due to sickness or injury, as long as premiums are paid).

- **HBR Process**
 - Term an employee with a future date using Leave of Absence at the end of the month following 12 months from when their LOA commenced. This will prompt LifeHelp to send the employee a portability package 30 days prior to their 12-month termination date. The termination will not send to LifeHelp until 33 days prior to their termination due to the hold future transactions functionality.
 - **Example:** Employee goes out on a medical leave of absence on 1/15/2021. The HBR should term the employee's coverage 1/31/2022. On 12/28/2021 the termination will send to LifeHelp, prompting LifeHelp to send the employee the portability package.
 - Update LOA letter to include information on the 12-month continuation provision and when it begins along with your employer's process.
 - If an employee is not termed using the 12-month in the future termination date, LifeHelp is unable to calculate the employee's correct termination date. If this is the case, you will need to notify LifeHelp (i.e., send a list to LifeHelp with LOA dates monthly or instruct employee to track their LOA) when the employee is approaching the 12-month mark the employee will need to reach out to LifeHelp and request a portability package.
 - If the employee returns to work prior to the 12-month period, remove the termination of the Term Life benefit.

If an employee passes away and it is after the 12-month period and the employee did not elect portability within 31 days of their coverage ending, ReliaStar Life Insurance Company will not honor the life insurance claim.

Note: Please ensure employees keep their address up to date in the payroll system so that if/when portability information is sent, it is sent to the correct address. For Integrated HR Payroll system employees, remind employees that a mailing address overrides a physical address, so either both addresses should be monitored/updated as needed or if they are the same, the mailing address should be deleted.

Waiver of Premium

HBRs should communicate to employees that they should apply for waiver of premium as soon as they go out on a medical leave of absence if they have a disabling condition. To apply for a waiver of premium the employee should call LifeHelp. The disabling condition must begin before the employee's 60th birthday. Waiver of premium ends when the employee turns age 70, is no longer disabled or does not send in the requested paperwork. At that time, the insured will be offered conversion by the insurance company.

NCFlex Process when an Employee Returns from Leave:

• HBR Process

- Instruct employee to use the life event “return from leave of absence” to re-enroll in GTL. An employee can enroll in up to \$200k as the GI amount regardless of whether they had less than \$200k prior to going out on a LOA. If the employee had ported coverage, paid premium and had more than \$200k, the employee should maintain their ported coverage if they do not want to complete evidence of insurability (EOI). In this case, the employee does not need to re-elect active group coverage.
- If the employee maintains their portability coverage and re-elects active coverage, only the policy with the higher coverage amount will payout. Only one policy will payout even if the coverage amount is equal.
- If an employee returns prior to the 12-month period ending (for medical LOA) and their GTL was cancelled with a future date, be sure to remove the future date cancellation.

Please Note:

For employees returning to work after more than 31 days, then they are treated as a NEWLY ELIGIBLE employee and must elect coverage as if they were just hired.

Appendix

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Continuation of Life Insurance - Employee

If an employee is no longer eligible for Life Insurance because they stop active work, coverage may be continued as long as premiums are paid. Continuation of insurance is subject to all other terms of the Group Policy.

The length of time an employee's insurance continues depends on the reason they stop active work.

Continuation of coverage stops on the earliest of the following dates:

- The end of the period for which the employee's premiums were paid, if the next premium contribution is not paid on time.
- The date the Group Policy stops.
- The end of the first policy month after the policy month during which the employee stops active work, if the employee stops active work due to non-medical leave of absence, temporary layoff, or the Policyholder suspending operations.
- For coverage not continued under the portability option, the date the employee's Life Insurance has been continued for 12 months if the employee stops active work due to sickness or accidental injury.

Continuation of Life Insurance - Dependents

If an employee stops active work and their insurance is being continued, their dependent's insurance will also be continued as shown in the section above. Dependent's continuation is subject to all other terms of the Group Policy.

Portability Employee

Portability means employees have the option to continue their Supplemental Life Insurance if certain conditions are met. Portability must be elected before the insured reaches age 70 for Supplemental Life Insurance.

Portability must be elected within 31 days of the date the employee's Supplemental Life Insurance terminates due to the following:

- Retirement or employment termination with the Policyholder, if coverage is in effect for active employees under the Group Policy; or
- The Policyholder terminates coverage for active employees under the Group Policy and does not replace it with a similar life insurance plan; or
- The employee is no longer eligible for insurance under the Group Policy; or
- All other continuation options under the Group Policy ends.

Once coverage is ported, employees will pay premiums directly to ReliaStar Life. If an employee returns to active employment and would like to come back on payroll deductions, the employee should cancel their ported policy, as ReliaStar will not pay both the ported policy and the active policy. If the ported policy is not canceled and there is a claim, then the amount of coverage continued under the portability option will be reduced by the amount of insurance as an active employee.

Portability Dependents

Employees may continue their Dependent Life Insurance if they elect portability of their Life Insurance.

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Employer use only for the State of North Carolina, Group #68077-0

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