

## Introduction

We are pleased to provide the eighth annual edition of the *Admin Guide*. Each year we update portions of this guide, to reflect:

- changes to the BCTF/BCSTA Group Life Plan;
- common questions and feedback from Plan administrators; and
- input from the Insurance Committee.

For a summary of the more important updates please see the “What’s New” Section 1. This guide will continue to be periodically updated so that all parts of it stay current. We expect to update the *Admin Guide* and distribute it via email to administrators each year and at any point during the year when there is an update or when we are notified of a new administrator. We will send a copy of the *Admin Guide* out even in years when there are no changes to ensure that the *Admin Guide* is not forgotten.

## Disclaimer

Contract provisions will change from time to time and there is a possibility that the *Admin Guide* update will lag behind the contractual change. The *Admin Guide* interprets the BCTF/BCSTA contract with Great-West Life, so it should be read in conjunction with the contract.

## Contact Information

Life claims should be directed to Great-West Life’s Winnipeg office, by mail or by courier:

**By Mail:**

Group Life Benefits  
The Great-West Life Assurance Company  
P.O. Box 6000  
Winnipeg, MB R3C 3A5

**By Courier:**

Group Life Benefits  
The Great-West Life Assurance Company  
60 Osborne Street North  
Winnipeg, MB R3C 1V3

Life claim questions may be directed to Great-West Life at:

Josephine Bancolita  
Life Claims Analyst  
Tel: 1-204-946-7021 (between the hours of 6:00 AM to 2:00 PM Pacific Time)  
Fax: 1-204-946-8783  
Email: [Josephine.Bancolita@gwl.ca](mailto:Josephine.Bancolita@gwl.ca)

Please submit the Life Waiver of Premium forms online or by mail to Great-West Life at:

Langley Disability Management Services Office  
2<sup>nd</sup> Floor, 8700 – 200<sup>th</sup> Street,  
Langley, BC V2Y 9G4

General administration questions, life claim questions when the Winnipeg Office is closed or questions regarding Great-West Life forms, procedures and their Administration Guide can be directed to Great-West Life's office in Vancouver.

Brooke Long  
Associate Manager, Client Service  
The Great-West Life Assurance Company  
1500 – 1177 West Hastings Street  
Vancouver, BC V6E 3Y9  
Tel: (604) 331-2463; Fax (604)-688-9762  
Email: [Brooke.Long@gwl.ca](mailto:Brooke.Long@gwl.ca)

Please direct your questions to Cherie Ng if you have not received the latest *Admin Guide* update or if you require additional employee booklets:

Cherie Ng, Actuarial Analyst  
Aon Hewitt  
Suite 1200, 401 West Georgia Street  
Vancouver, BC V6B 5A1  
Tel: 604.443.3386 | Fax: 604.683.0249  
[cherie.ng@aonhewitt.com](mailto:cherie.ng@aonhewitt.com)

If you have any questions regarding the *Admin Guide* content or if you need a second source of information on plan details and administration you can direct your questions to Richard Shypitka or Laura McDermott.

Richard Shypitka, Consultant  
Aon Hewitt  
Suite 1200, 401 West Georgia Street  
Vancouver, BC V6B 5A1  
Tel: 604.694.8954 | Fax: 604.683.0249  
[richard.shypitka@aonhewitt.com](mailto:richard.shypitka@aonhewitt.com)

Laura McDermott, Analyst  
Aon Hewitt  
Suite 1200, 401 West Georgia Street  
Vancouver, BC V6B 5A1  
Tel: 604.443.2422 | Fax: 604.683.0249  
[laura.mcdermott@aonhewitt.com](mailto:laura.mcdermott@aonhewitt.com)

## **Overview: Managing the Group Life Insurance Plan**

The operation of the BCTF/BCSTA Group Life Insurance Plan involves four parties. The Insurance Committee, Aon Hewitt, Great-West Life and participating school districts all work closely together to ensure that the Plan operates efficiently and in the best interests of all parties. The following paragraphs review the roles and responsibilities of each party.

***Insurance Committee:***

The BCTF/BCSTA Insurance Committee consists of six voting members - three representatives from the BCTF and three representatives from the BCSTA. The objective of the Insurance Committee is to ensure that the Group Life Insurance Plan provides the best combination of coverage and price for covered members. To achieve this, the Insurance Committee reviews provisions of the Plan, responds to school district concerns/problems and consults with professional advisors.

The Insurance Committee meets in person once per year at an Annual General Meeting, to review the financial operation of the Plan and make decisions for the forthcoming year. Other meetings or teleconferences take place as needed. The Insurance Committee is proud of the stable premium rate history of the Plan, allowing school districts to budget for their benefits costs with confidence. The Committee has also been pleased to extend premium holidays and rate decreases to participating school districts, when the claims experience has warranted.

The British Columbia Public School Employers' Association (BCPSEA) acts as an administrative and advisory agent of BCSTA. BCPSEA may also assist the Plan in employee data collection. Therefore, please comply with any request for information (such as may occur during the Waiver of Premium audit) from BCPSEA as well.

***Aon Hewitt Inc. (Aon Hewitt):***

Aon Hewitt is an independent consulting firm who has been retained by the BCTF/BCSTA Insurance Committee to provide professional advice on the operation of the Plan. Aon Hewitt's involvement includes the following:

- managing the financial operation of the Plan, including negotiating and setting premium rates and overseeing the insurance company's reserve requirements;
- liaising with the insurer regarding financial matters, policy changes and administrative issues;
- consulting, advising and making recommendations to the Insurance Committee on issues related to the Plan;
- coordinating the update every two years of the Life Waiver of Premium claims information with the school districts and Great-West Life (the Waiver of Premium Audit);
- promoting participation in the Plan;
- facilitating the Insurance Committee's Annual General Meeting and any other Special Meetings;
- responding to school district inquiries regarding coverage and interpretation of the policies;
- assisting school districts with problem claims; and
- producing and distributing communication materials to school districts and employees.

***Great-West Life Assurance Company:***

The role of the insurance company is to underwrite the benefits plan and assume the financial risk inherent with providing Life Insurance coverage to a group of employees. Great-West Life has been the underwriter for the BCTF/BCSTA Plan since 1967.

In addition, Great-West Life is responsible for the ongoing administration of the Plan, which includes:

- responding to administrative questions from the School Districts;
- collecting premiums;
- paying Life claims;
- adjudicating Waiver of Premium claims;
- processing amendments;
- calculating premium rates;
- maintaining the insurance policy; and
- investing the funds of the Plan.

***School Districts:***

Each participating school district also plays a very important role in the operation of the Plan. The BCTF/BCSTA Group Life Insurance Plan is self-administered, which means school districts are responsible for:

- maintaining up-to-date enrolment records. An original enrolment form is required in the event of Life Insurance or Waiver of Premium claim;
- calculating the correct volume of coverage and premiums each month (including updating the premium rate used if changed at time of renewal on July 1<sup>st</sup> of each year);
- remitting these premiums to Great-West Life;
- notifying each retiring or terminating plan participant of their conversion privilege at the earliest opportunity (see further information in Section 4 and Appendix 1)
- notifying Great-West Life within the required time limit in the event of a Life Insurance or Waiver of Premium claim, and assisting a claimant with the filing of a claim; and
- ensuring that any applicable collective agreement is in agreement with the relevant Group Life Insurance policy.

If any problems, questions or concerns arise, either Great-West Life or Aon Hewitt should be notified immediately so that the proper assistance can be provided.

**Admin Guide Topics**

	Page
1. What's New?	3
2. Actively at Work	3
3. Beneficiary Designation	4
4. Conversion Privilege (to replace lost group insurance with individual insurance)	5
5. Eligibility	6
6. Enrolment	7
7. Leave of Absence	8
8. Life Claims	12
9. How to Appeal Declined Coverage	13
10. Maintaining Records and Enrolment Audits	14
11. Premium Holidays	15
12. Termination	16
13. Waiver of Premium Benefit for Disabled Employees	17
14. Waiver of Premium Audit	21
15. Working Past Normal Retirement Age	21
16. Life Advance for Employees with Terminal Illness	22
17. Recent Contract Amendments	23
18. Forms Guide	25

- Appendix 1     Draft Memorandum for Terminating Employees
- Appendix 2     Sample Premium Statement
- Appendix 3     a) M6191(20414MP) - Application for Group Coverage (for school districts with  
                         mandatory participation)
- b) M6191(20414OP) - Application for Group Coverage (for school districts with  
                         optional participation)
- c) Refusal / Cancellation of Group Life Coverage
- d) M5725(45) - Group Life Conversion Privilege Notification
- e) M6236(45) - Group Life Conversion Information Sheet
- f) M6190(20414GL) - Group Coverage Change Form
- g) M5885 BIL - Advance Payment Request - Employer's Statement

## 1. What's New?

The following changes were made to the 2017 version of the Admin Guide:

- added information to the Eligibility and Enrolment Sections (Sections 5 and 6) regarding different procedures to be followed depending on if enrolment is mandatory
- added Section 9: How to Appeal Declined Coverage
- added Refusal / Cancellation of Group Insurance form to Appendix 3
- separated Application for Group Coverage form into two versions:
  - M6191(20414MP) – for school districts with collective bargain agreements specifying mandatory participation, and
  - M6191(20414OP) – for school districts with collective bargain agreements specifying optional participation
- made minor changes to reflect that there is no premium holiday for the 2017-2018 Plan year
- made other minor edits throughout

## 2. Actively at Work

For the purposes of your BCTF/BCSTA Group Life Insurance coverage with Great-West Life, an employee must be fully capable of performing the regular duties of their occupation, and must be actually working at their usual place of employment or a place where their employer requires them to work (including the time up to one week before Labour Day when they are performing voluntary preparation work) in order to be considered actively at work. The only exceptions to this definition are when an employee is absent from work due to vacation, weekends, statutory holidays or shift variances – in these situations, an employee is still considered to be actively at work providing they are capable of doing the duties of their job.

This actively at work provision comes into play frequently in group insurance:

- when a new employee is hired, the employee must be actively at work on the date their insurance coverage is scheduled to take effect, otherwise they are not covered under the BCTF/BCSTA benefits plan until actively at work;
- when there is an increase in the amount of an employee's insurance coverage, the employee must be actively at work on the date their insurance coverage is scheduled to increase, otherwise the change does not take effect until they are actively at work;
- however, the insurance face amount can reduce for employees not actively at work. Events triggering a reduction are restricted for disabled employees (who are in receipt of Waiver of Premium benefits) to age related reductions only (as discussed in greater detail in Section 13 below);
- when an employee becomes disabled, the date of disability will be based on the date the employee was last actively at work;
- when an employee leaves your school district, the date of termination of their insurance coverage, and the time period during which they can convert their coverage to an individual insurance policy, takes into account the date the employee was last actively at work;

- when there is a change of insurance carriers, the incoming or new insurance company requires an employee to be actively at work before they will be covered under the new insurance company's policy; and
- whenever there is a claim under the policy, the actively at work provision is verified by the insurer before benefits are payable.

### 3. Beneficiary Designation

At enrolment a new employee must complete Great-West Life's Application for Group Coverage form. Great-West Life has developed two application forms specific for the BCTF/BCSTA Group Life Insurance Plan [M6191(20414MP) for school districts with mandatory participation, and M6191(20414OP) for school districts with optional participation]. Included in the form is the Beneficiary Designation, either Section 3 (mandatory participation) or Section 4 (optional participation).

#### Getting the right form

Great-West Life has a number of forms for the administration of the Plan. Some are unique to the Plan, such as those that reference the 45-day conversion period and others are generic in that they are used by many other Great-West Life clients. Each form number is referenced within this document. Please ensure that the forms that you use match the form number. Generic Great-West Life forms may be downloaded from the Great-West Life website, but forms unique to the Plan must be obtained from Great-West Life or Aon Hewitt.

The entire form must be completed, signed and dated in ink by the employee within 31 days of the date the employee becomes eligible for benefits. For more information on the enrolment process, please see the enrolment section.

If an employee is appointing a minor as a beneficiary, complications can occur at the time of a claim unless a trustee/administrator is appointed. As noted on the Application form, it is recommended that the employee consult with a legal advisor and with any proposed trustee/ administrator. If an employee designates a minor as a beneficiary, they should be provided with Great-West Life's generic Trustee Appointment form [M6242BIL]. The form needs to be completed, signed and dated in ink and returned to you. It should be kept with the employee's application form and will need to be produced in the event of a Life claim.

#### Beneficiary Designation Examples

To avoid any legal complications that may result from an unclear or vague designation, here are sample designations that are considered satisfactory and provide clear direction to Great-West Life for the payment of claims:

- One Beneficiary: Doe, Jane (Spouse); or Smith, William (Friend);
- Estate: The Insured's Estate;
- Contingent Beneficiary: Doe, Jane (Spouse) if living; otherwise Doe, Janet (Daughter);
- Two Beneficiaries: Doe, Jane (Spouse) and Doe, Janet (Daughter) in equal shares to the survivor; or
- Multiple Beneficiaries: Doe, Jane (Spouse) and Doe, David (Son) and Doe, Janet (Daughter) equally or the survivors of them equally, or the survivor.

## 4. Conversion Privilege (to replace lost group insurance with individual insurance)

### The concept of Life Insurance conversion

Terminating and retiring employees may still have a need for Life insurance, but may not be entering a new job with group Life benefits. Healthy individuals will be able to obtain individual Life insurance at a favourable cost by submitting medical evidence of their good health to the insurer. However, individuals who have health issues may face high premiums or may even be refused coverage. The conversion privilege allows employees to obtain insurance at a reasonable cost without having to submit medical evidence. Regardless of an employee's state of health, they should be encouraged at termination to submit medical evidence and obtain a Life insurance quote without conversion prior to going through the conversion process. Reasonably healthy individuals will be able to obtain better rates for comparable insurance than if they had converted.

An employee may convert an amount of BCTF/BCSTA Group Life Insurance to individual insurance without submitting evidence of insurability subject to the following conditions:

1. All or part of the employee's Life insurance under the Plan terminates. (An example of a "partial termination" is the reduction in the face amount of insurance after the employee reaches normal retirement age.)
2. If the insurance terminates because of termination of this policy or at the end of a disability period that extends beyond the date of termination of this policy, the employee must have been continuously insured under the employer's group life plan for the last five years.
3. The employee must apply for the individual policy in writing and Great-West Life must receive the first premium within 45 days after the insurance terminates.

The amount which may be converted at termination is the lesser of the terminating Group Life coverage or \$200,000.

There is both an information sheet and a form for Group Life conversion specific to the BCTF/BCSTA Group Life Plan as follows:

- Great-West Life's Group Life Conversion information sheet [Form M6236(45)]; and
- Great-West Life's Group Life Conversion Privilege Notification form [Form M5725(45)].

The Conversion Notification form should be completed by you (i.e., the plan administrator) and provided to the terminating employee. A signed copy should be kept on file.

In order to obtain additional information on the conversion process, including obtaining a quote (or approximate costs), the employee should then contact one of the Great-West Life agents in their Region via the Freedom 55 Financial Advisor Channel. They can be located through:

<https://www.freedom55financial.com/ff/who-we-are/contact-us>

In Appendix 1 we provide sample wording for an additional memo for terminating employees to accompany the above information sheet and form.

## Why are both the Great-West Life form and the Appendix 1 form required to be completed?

There is some overlap between these two forms. The Great-West Life Notification is an insurer required form. The BCTF/BCSTA Plan form is needed to ensure that you have a record that the employee was notified of their conversion privilege. The employee signed form is necessary for your legal protection.

An eligible employee can convert to one of two forms of insurance, depending on their age:

1. a non-renewable term insurance policy to age 65; or
2. a 1-year non-renewable term insurance policy with premium frequency not less than quarterly. This type of policy can be converted to any other form of conversion policy being offered, without evidence of insurability, if the change is made before the end of the 1-year term. The plan member should contact a Freedom 55 Financial Advisor in their area for details on the type of plans available to them.

Each conversion represents a cost to the Plan; nevertheless, each terminating employee **MUST** be informed of their conversion privilege. As the plan administrator, it is your responsibility to communicate the conversion provision on a timely basis. The terminating employee will require time to apply and forward the required premium to Great-West Life, should the employee elect to convert their Life Insurance. For your protection, it is essential that you obtain the employee's written confirmation that you advised them of this right. This confirmation (that the employee received notice of their right to convert the Group Life Insurance to an individual policy) needs to be kept long after the employee's termination. A former employee or their beneficiaries may commence legal action, should it be unclear if the employee was advised of their conversion privilege.

Note that once the conversion period has expired, the employee will not have the opportunity to convert as Great-West Life will not accommodate any requests for extensions beyond the 45 day period.

There have been instances of employees electing to retire in late June but not advising their School District until the following September. As the employees' conversion period started in late June and expired 45 days later, Great-West Life is not able to offer the conversion privilege in September to these employees.

Employees who are considering converting should be directed to an Individual Life Great-West Life agent via the Freedom 55 Financial Advisor Channel. A list of Freedom 55 Financial offices by region of the province is available at: <https://www.freedom55financial.com/ff/who-we-are/contact-us>

## 5. Eligibility

As per the terms of the Group Life Insurance Policy 20414, when a person starts employment with a school district and is in a group participating in the BCTF/BCSTA Plan, they become an insurable employee if:

1. they have a continuing or temporary contract, as a member of a school district's bargaining unit and a Member or Associate Member of the BCTF; or
2. they are employed on a permanent, non-seasonal basis, if they are:
  - a) a member of school district's professional or educational staff, in a teaching, administrative or supervisory function; or

b) a member of the BCTF or BCSTA staff.

Great-West Life and Aon Hewitt should be notified if a new group within your School District wishes to join the Plan.

Once you determine that an employee is insurable, they are eligible to join the Plan “on the first day of employment coinciding with or next following the date they become an insurable employee” (as per the terms of the Group Life Insurance Policy 20414).

The employee then has 31 days from the date they become eligible to apply for Life Insurance coverage. As plan administrator you are responsible for providing the employee with enrolment forms in a timely manner (before 31 days of the employee becoming eligible, and preferably much sooner so that the employee has time to complete and return the forms within the 31-day time frame).

#### **What happens if the employee fails to apply within the 31 day time period?**

Should the employee not apply for coverage within the 31 days, the employee will have to submit medical evidence along with the application. Great-West Life will review the medical evidence and could choose to deny coverage. At minimum, the start date for coverage will be delayed.

In a few school districts the Collective Agreement mandates that Life Insurance is to be offered on an optional basis. Should an employee with this type of Collective Agreement decide not to elect Life coverage when eligible, then at a later date (after the 31 day enrolment period) decide to obtain Life Insurance through this Plan, the same process must be followed (the process of submitting medical evidence to Great-West Life for review).

Plan Administrators in school districts where Life Insurance is not mandatory should make employees aware of this late applicant process when the employees enter their enrolment period. This may be a factor in their decision to elect coverage within the eligibility period.

The school district's Collective Agreement can specify whether or not employees are allowed to opt out of the BCTF/BCSTA Group Life Insurance Plan. However, a recent audit shows that not all school districts were administering the plan in accordance with the Collective Agreement. In particular, certain school districts with mandatory participation had either allowed employees to opt out of the plan at enrolment or terminate coverage during maternity leave.

Please ensure that the Life benefit is administered as set out in the Collective Agreement.

## **6. Enrolment**

#### **Is enrolment mandatory for eligible employees?**

The school district's Collective Agreement dictates whether or not eligible employees are allowed to opt out of the BCTF/BCSTA Group Life Insurance Plan. Even if the Collective Agreement allows it, opting out is generally not advisable. Requesting coverage later will require submission of medical evidence, and coverage may be declined.

As noted under the Beneficiary Designation section, to be covered under the BCTF/BCSTA Group Life Insurance Plan, an employee and the school district as the employer must complete Great-West Life's Application for Group Coverage form [M6191(20414MP) for school districts with mandatory participation, and M6191(20414OP) for school districts with optional participation]. You will need to complete the Plan Sponsor Section (Section 1), and the employee needs to complete the following sections.

**Section 2. Plan Member Information,  
Section 3 or 4. Beneficiary Designation, and  
Section 5 or 6. Authorizations and Declarations (only signing and dating required).**

This form must be completed, signed and dated in ink by the employee within 31 days of the date the employee becomes eligible for benefits. It is important to keep the original enrolment form for each eligible employee. The original of this form will be required by Great-West Life in the event of a Life claim. If the form cannot be produced or only a photocopy is available, the Life claim may be delayed or paid to the employee's estate, instead of their designated beneficiary.

At a minimum of once a year, we suggest an enrolment audit be performed to confirm that no eligible employee was omitted from enrolment under the Plan or that an individual who is no longer eligible is not still covered by the Plan. This would also be a good time to check the beneficiary section of the Application form to ensure that this was completed at the time of hire and that the form is signed and dated in ink.

Other changes may occur during the course of an employee's career at your school district such as an employee's name change, change of beneficiary or reinstatement of Group Life coverage. Great-West Life's Group Coverage Change form [M6190-(20414GL)] should be used for these types of changes. You should complete Sections 1 and 2 (if applicable), and the employee should complete the remaining applicable section(s) at the time of the change and the employee must sign and date the form in ink. The form should then be kept with their original application form.

As with the enrolment form, each Group Coverage Change form must be kept as long as legislation mandates.

## 7. Leave of Absence

If an employee is on a leave of absence approved by the school district (including maternity, parental or education leaves), coverage may be continued for up to three years after the leave of absence starts, provided:

- the Plan remains in force;
- premiums are paid; and
- the employee is not employed elsewhere. Please note that if an employee is working more than 20 hours per week on an ongoing basis during their leave of absence, coverage under the Plan will be void.

You are not expected to police employees on leave with respect to their hours of work. Rather, at time of the employee's application for a leave of absence please inform employees in writing of the above conditions

which govern the continuation of their coverage during a leave of absence. In addition, employees should also confirm their leave arrangements regarding premium payment and coverage, in writing, with you prior to taking their leave.

Please note that coverage for members during lay-off and suspension also continues for a maximum of three years. In this regard, please refer to the insurance Policy on page C7, 5(d) under Termination of an Employee's Insurance.

### **7.1 Partial Leaves of Absence**

If an employee takes a partial leave of absence, Life insurance coverage can continue to be based on 100% of the full-time equivalent salary or at the employee's partial work percentage.

The employee must be offered a one-time opportunity at the start of the leave of absence to elect to continue full coverage or reduce to partial coverage based on the portion of the week worked. It is not permitted to offer an opportunity at a later date for the employee to change their mind, as it could lead to selection against the Plan. The intent is that the school district asks the employee once to elect if they want to maintain their existing coverage at 100% or have the benefit based on their partial income. For example, if a teacher takes a three year partial leave and their time at work/salary is reduced 40%, the teacher has a one-time option of a Life benefit based on their 60% earnings or based on their prior earnings.

#### **Can employees with partial leaves of absence have benefit increases?**

If the leave is 100%, then an employee is not actively at work and the benefit is based on the income at the time the leave starts. If the employee is on a partial leave and continues to work part-time, they are actively at work and eligible for salary changes and the increased Life insurance benefit based on the higher earnings.

### **7.2 If Group Life Insurance is to Continue During the Leave of Absence**

The employee should receive written documentation from the school district that includes the following information about their Group Life Insurance:

- the anticipated length of the leave of absence and the scheduled return to work date;
- the amount of Life insurance that will be continued – this is the amount of Group Life Insurance in effect immediately prior to the date leave commences. Increases due to salary changes become effective when an employee returns to active work with the school district;
- the premium the employee is required to pay and how payment is going to be arranged (full amount pre-paid, monthly cheques, etc.). It is also advisable to include wording that should the rates change during the employee's leave, the employee's share of the required premium would likely also change; and
- confirmation that the Group Life Insurance coverage with Great-West Life's BCTF/BCSTA Policy No. 20414 will be void if the employee is working more than 20 hours per week in another job and that the employee must advise the school district of any such new working situation (preferably in writing or email).

**7.3 When Group Life Insurance Ends During the Leave of Absence**

If you are advised by the employee or become aware that the employee is working more than 20 hours per week elsewhere you should do the following:

- notify the employee in writing that as they are working more than 20 hours per week at another job, their Group Life Insurance coverage through the BCTF/BCSTA Plan is void and confirm the date that coverage will end. This should be the last day of the month in which you become aware of the employee's working situation. Also, advise them that their Group Life Insurance coverage cannot be reinstated until they return to work for the school district;
- provide the employee with information on their right to convert their Group Life Insurance to an individual policy and follow the procedures for advising the employee of the conversion privilege (see the Conversion Privilege section for more details);
- ensure you keep copies of all correspondence to the employee regarding the termination of their Group Life Insurance benefits and the conversion privilege in the employee's file; and
- terminate the employee's coverage from the Great-West Life plan as of the termination date described in the first bullet above.

If Group Life Insurance coverage terminates due to the above contractual requirement (i.e., due to the 20 hour requirement) but the individual confirms (we strongly advise insisting on a confirmation in writing or by email) that they intend to return to work at the same school district at the end of their approved leave, this should be clearly noted in their employee file. If you are able to provide this documentation when the employee returns to work from the approved leave of absence, the employee's Group Life Insurance coverage can be reinstated without the employee having to submit evidence of good health to Great-West Life for approval.

There may be instances when an employee works for short work periods of 20 or more hours per week - for example, working for Elections Canada during election time or grading exam papers for a couple of weeks. Great-West Life may be agreeable to allowing Group Life Insurance coverage to continue under these circumstances; however, these must be approved by Great-West Life in advance. Please forward information on the employee including leave dates and the specific work circumstances to Great-West Life.

**7.4 At the End of the Leave of Absence****7.4.1 If the employee continued their Group Life Insurance Coverage while on their Leave of Absence**

The employee does not need to complete a new application form; however, you may wish to remind them to review their current beneficiary designation(s) to ensure they are up-to-date. If they wish to change their beneficiary or beneficiaries, please refer to the procedure outlined under the Beneficiary Designation section.

**7.4.2 If the employee did not continue their Group Life Insurance Coverage while on their Leave of Absence**

Provide the employee with Great-West Life's Application for Group Coverage [M6191(20414MP) or M6191(20414OP)] (you will need to complete Section 1), as well as a copy of Great-West Life's Evidence of Insurability form (M5995). You will need to complete page 1, Coverage Detail, including signature and date. Retain a copy of the completed section for your files before forwarding the original copy, along with the Medical & Lifestyle questionnaire, to the employee. Note that the section of the form labelled "Division Number" corresponds to your school district number. Due to the confidential nature of the Medical & Lifestyle questionnaire, employees should be asked to place the form in a sealed envelope. The Plan Administrator for the school district should send the envelope with the form to the indicated address at Great-West Life with a brief covering letter. Great-West Life will then advise the school district in writing if coverage is approved, as well as the amount of insurance and the effective date of coverage.

The next step is to inform the employee that their coverage has been approved and advise them of the applicable payroll deduction amounts. If an employee refuses to complete the re-enrolment process, the employee will remain ineligible to join the plan until evidence of good health has been submitted and approved by the insurer. It is strongly recommended that you get written confirmation from the employee that they understand that they have been offered coverage but refuse to provide evidence of good health and that they have no Group Life Insurance under the BCTF/BCSTA Group Life Insurance plan.

#### **7.4.3 If the employee elected to continue their Group Life Insurance Coverage while on their Leave of Absence but it was terminated due to working 20 or more hours per week at another occupation**

Medical evidence of good health will not be required provided you have documentation indicating the employee was working at another job 20 hours or more per week. This information could either be a letter/email from the employee or the letter you sent the employee notifying them that you were aware that they were working 20 or more hours per week and their Group Life Insurance was void. The employee needs to complete a Group Coverage Change Form [M6190(20414GL)], (you will need to complete Sections 1 & 2) and you must then keep a record of the circumstances for the reinstatement on file.

##### **Reminder**

If Life Insurance was terminated and medical evidence is not required (7.4.3 above), the Application for Group Coverage Change Form must be completed, signed, and dated by the employee within 31 days of their return to work date. Otherwise, the employee will be considered a late applicant and will need to submit evidence of good health, for approval by Great-West Life before coverage will be effective.

#### **7.4.4 Other Possibilities**

If the employee provides notification that they do not intend to return to work at the school district at the end of their leave of absence, you will need to provide them with written

notification that their coverage will terminate at the end of the month, and of their right to convert their Group Life Insurance Coverage to an individual plan.

If an employee is part-way through their leave and asks for their coverage to be terminated (but they are not working at another job more than 20 hours per week), then terminate the employee's coverage immediately and provide the employee with details on the conversion option. You should also notify the employee that they cannot request that coverage be reinstated while they are still on their leave and that upon their return to work, they will be required to submit evidence of good health for approval by Great-West Life before coverage will be effective.

An employee could stop working 20 hours or more a week at another job and ask for the Group Life Insurance to be reinstated while they are still on their leave. If so, the employee must be informed that the Group Life Insurance coverage cannot be reinstated until the employee returns to work for the school district.

Note that even if there are leaves of absence granted for successive reasons (example: the employee is on a Leave of Absence, then goes on to Maternity Leave and then is on lay-off) coverage can only be continued for a maximum period of three consecutive years. You will need to provide the employee with written confirmation that Group Life Insurance coverage will terminate at the end of the three year period and provide them with details on the conversion option.

## 8. Life Claims

### Please contact Great-West Life

It may be very important to the beneficiary for a Life claim to be settled quickly. Therefore, please contact Great-West Life when initiating a claim, using the contact details listed in the Introduction. We have been advised that several Plan Administrators have contacted the BCTF instead. The BCTF/BCSTA Life Plan is separate from the BCTF Salary Indemnity Plan. As such, the BCTF is not equipped to assist you with Life benefit questions or with processing a Life claim.

In the event of an employee's death, Life claim documents need to be completed in order for the Life claim payment to be processed.

Once the death notification is received, the first step is to identify to whom the life claim is payable. Locate the deceased employee's enrolment form in order to identify if a beneficiary was designated. You must keep completed enrolment forms for all active employees. When filing a Life Waiver of Premium claim for an employee, the original enrolment form must be sent to Great-West Life and a copy retained for your records. If a death claim is subsequently incurred, the copy of the enrolment form must be sent to the insurer. If a beneficiary was designated on the enrolment form and is still alive, this person will be the payee. If there is no beneficiary designation or the beneficiary is no longer alive, the Life claim will be payable to the estate of the deceased. This is typically handled by the courts and a lawyer would likely contact you to advise you of

the death. If there is a Will and that Will specifically mentions how the proceeds from the Great-West Life Group Life Insurance policy are to be allocated, then an executor of the Will would typically contact you.

The next step is submitting the Group Life Claim Form (M62). This form must be filled out and submitted to the insurer for payment. Forms can be obtained from Great-West Life. You will need to coordinate the completion of the claim form with the appropriate person (i.e., the beneficiary, the executor or the lawyer) before submitting it to the insurer along with the required documents (such as a copy of the death certificate and enrolment form) and a cover letter. The section on the claim form labelled "Division Number" corresponds to your school district number. This should not be omitted as it can slow down the payment process. If Great-West Life requires any further documentation in order to process the claim, it would be helpful if you would act as the advocate for the deceased and the deceased's family/beneficiary. If you have any questions regarding the completion of the claim form, please contact Great-West Life.

If the employee was on Waiver of Premium and notification of death was not received, the Waiver of Premium audit should eventually uncover any unreported deaths that might have occurred during the past two years. However, if you uncover such a case in at a time other than during the audit, you should immediately coordinate the Life claim with the beneficiary or executor, as outlined in the previous paragraph.

## **9. How to Appeal Declined Life Benefits**

A person, beneficiary or estate has the right to appeal a denial of all or part of the insurance or benefits described in the policy as long as the appeal takes place within 2 years after the denial. Both Life benefits and Life coverage may be appealed. An appeal must be in writing and include the reasons for believing the denial to be incorrect.

A decline can be appealed more than once as long as the applicant has new information to provide in support of an appeal. An appeal is passed along to Great-West Life's Medical Board to provide their medical opinion on the case. The Medical Board's recommendations are typically followed unless there is good business reason to allow for substandard risk (for Life coverage appeals).

Appeals should be directed to the underwriter whom communicated the decision (decision letter). From there, the case will be forwarded and handled by a Senior Underwriter or an Underwriting Consultant.

For Life coverage appeals, the typical re-assessment time frame is one year from time of decision. However, in some cases, dependent upon the reason for decline, if medical conditions have improved or there is new information available, an applicant may be able to reapply sooner (but a one-year time frame is often required to prove sustainability).

## 10. Maintaining Records and Enrolment Audits

The maintenance of accurate records of each employee's benefit and premium cost is critical. Another key record keeping function associated with the BCTF/BCSTA Group Life Insurance Plan is keeping the enrolment forms accurate. New employees eligible for coverage must be correctly enrolled. Every enrolled employee must have a valid beneficiary designation. Records must be kept of each employee's decision to either invoke or waive the conversion privilege at termination of employment. Finally, for disabled employees who have Life premiums waived, special attention must be made to ensure that each record remains accurate.

The Waiver of Premium audit helps to keep the disabled employees records accurate, but you should do a self audit so that inaccuracies are corrected more quickly. To eliminate the possibility of missing the Waiver of Premium deadline, records should be audited at least once every six months.

As well, we recommend for enrolment records to be self-audited at minimum annually. Generally, school districts experience many staff changes, particularly at the beginning and end of the school year. Performing an annual enrolment audit near the end of the school year is a good way of ensuring that no one is overlooked.

Reasons to conduct an enrolment audit include:

- to verify that there is an enrolment form on file for each active employee in your school district who is eligible for coverage; and
- to ensure that all required information is included on the enrolment form, such as the employee's designated beneficiary and that the form is signed and dated by the employee.

This will allow the school district to avoid the complications and potential liability that might arise if an employee dies without a completed enrolment form on file, or if the employee was not properly enrolled in the Plan.

If the employee does not complete an enrolment form within 31 days of becoming eligible, Great-West Life may require medical evidence of insurability and the employee's coverage will be subject to the insurer's review and approval.

To ensure that the deadline is met, a tracking system should be set up which triggers you to follow up with new employees who have not completed an enrolment form.

When an enrolment audit is performed, the following steps should be taken:

- the school district's payroll records should be compared to your Group Life Insurance member listing to ensure that all employees who meet the minimum eligibility requirements of the Group Life Plan are enrolled in the Plan;
- each employee's volume of insurance should be compared to their salary to ensure that premiums are paid on the correct benefit level (e.g., 300% of annual earnings);

- check that there is an up-to-date enrolment form on file for all employees, and that all required information is included on the enrolment form;
- ensure that all new employees fully complete, sign and date an enrolment form;
- if an employee must complete a new enrolment form (e.g., if there is a change in beneficiary), ensure that the new enrolment form is completed in full and signed and dated by the employee. In addition, it is a good idea to staple the new enrolment form to the old form, so that a history of changes can be followed, if necessary; and
- ensure that the enrolment deadline is met.

## **11. Premium Holidays**

There is no full or partial premium holiday for the July 2017 to June 2018 Plan year; however, the following information is provided for future reference.

For each month of a full premium holiday, the Plan Administrator continues to complete Great-West Life's Group Insurance monthly premium statement remittance form, including details on number of covered employees, total Life Insurance volume, coverage premium rate and total premium that would normally be due. The only difference from a regular remittance is that no cheque is submitted with the monthly premium statement remittance form to Great-West Life and no payroll deduction is made if employees pay any portion of the premium.

The most recent full premium holidays occurred in the two month period of October and November 2001.

For each month of a partial premium holiday, the Plan Administrator again continues to complete and submit the Great-West Life monthly premium statement remittance form. However, the Plan Administrator must also attach a cheque with the remittance form; but, the cheque total is reduced by the amount of the partial premium holiday. For example, in the July 1, 2016 to June 30, 2017 Plan year, the partial premium holiday was 18.0%, so the cheque was reduced by 18.0% of the total premium. Your school district's cost (and, if applicable, the employees' cost) was reduced by the amount of the partial premium holiday during the 2016/2017 Plan Year.

A partial premium holiday is different than a premium rate reduction. With a premium rate reduction, the full amount of premium is submitted to the insurer, but the amount is lower than before due to the reduced premium rate. A premium rate reduction or partial premium holiday usually remains in effect until the next renewal date, whereas a full premium holiday may only be for a stated number of months in the policy year.

The Insurance Committee had authorized consecutive partial premium holidays for the recent 8 year period from July 1, 2009 to June 30, 2017:

- partial premium holidays of 15.0% took place for five straight years (July 2009 to June 2014);
- this was followed by a partial premium holiday of 12.5% for the July 2014 to June 2015 Plan year;
- the July 2015 to June 2016 Plan year partial premium holiday was increased to 14.5%; and
- the partial premium holiday was increased to 18.0% for the July 2016 to June 2017 Plan year.

As most groups remit on a 10 month basis, the premium holidays typically start in September instead of July.

For budgeting purposes, school districts may assume that a premium rate reduction is ongoing. However, a partial premium holiday is a temporary measure and no budgeting reduction should be made for the future year's Life Insurance premium. In other words, the premium rate and monthly premium is not reduced by a partial premium holiday for budgeting purposes.

We remind you that there is no partial premium holiday in the 2017/2018 Plan year; therefore the sample premium statement reflects NO premium holiday. If remitting during a partial premium holiday you would need to enter the information specific to your school district (name, school district number, number of employees, volumes, rates, etc.). The "Total Premium Due" (line 8) would be the full premium calculated, while the line called "Our Cheque Attached" would equal the total premium due less the (in this example) 18.0% premium holiday. The lower figure is the amount that would be submitted to Great-West Life.

## 12. Termination

When an employee terminates employment with your school district, their Group Life insurance also terminates (unless the employee is disabled and has qualified for the Life Waiver of Premium benefit). As plan administrator, you are responsible for making sure such insurance terminates according to the terms of the Policy and that your terminating employee is notified in writing of such termination. As a reminder, under the BCTF/BCSTA Policy No 20414, an employee's insurance terminates on the earliest of the following dates:

- the date the Group Life insurance policy terminates;
- the date the employee is no longer in an eligible class for benefits;
- the last day of the month in which the employee is no longer an insurable employee (employed on a permanent, non-seasonal basis); or
- the date an employee ceases to satisfy the actively at work requirement.

### 12.1 Temporary contract workers

An exception to the above set of rules impacts Temporary contract teachers during the summer months who are not Teachers on Call (TOC). TOCs are not covered by the Plan.

Effective June 1, 2006 it was clarified that summer coverage **will not** be extended to:

- teachers who retire as of the end of June; or
- teachers who leave the profession and/or who are leaving the BC Public School system.

In such cases, the policy wording is clear that Life Insurance coverage will terminate at the end of the month worked.

However, Life insurance coverage **will** continue during the summer months of July and August under Great-West Life's Life Insurance Policy for:

- temporary contract teachers whose teaching contracts with the school district terminate in June and who intend to return the following September, i.e., they either:
  - 1) have a new teaching contract by June 30<sup>th</sup>; or
  - 2) have not submitted notification that they are retiring, leaving the profession and/or leaving the BC Public School System.

Coverage for teachers who fall into the second category above will terminate as of August 31<sup>st</sup>, unless a new teaching contract is entered into. We suggest plan administrators wait until the end of the first or second week of September to send out conversion notices to those teachers for whom coverage was extended to August 31<sup>st</sup>. However, conversion notices should not be sent later than September 15<sup>th</sup> and should stress that the 45 day conversion cannot be exercised any later than October 15<sup>th</sup>. This way, terminating teachers are still provided with at least 30 days notice to convert their Life Insurance.

#### The Ten-Month Insurance Year

School districts are given the option of remitting premium on a twelve-month basis or on a ten-month basis. Virtually all school districts have elected to submit premium on a ten-month basis to align more closely with the teachers' pay periods. Under the ten-month payment basis, June, July and August are considered to be one insurance "month" under the BCTF/BCSTA Plan. (All other months are the same as calendar months.) Temporary contract teachers who terminate in June without a new contract can be continued to the end of the insurance month (i.e., August 31<sup>st</sup>). Therefore, the 45-day conversion period does not expire until October 15<sup>th</sup>.

#### 12.2 Teachers accepting a temporary non-teaching position

A teacher may accept a temporary non-teaching, administrative position such as Principal. If the administrators are also covered under the BCTF/BCSTA Plan, then Life benefits continue. However, if a teacher accepts a non-teaching position, and if the BCTF/BCSTA Plan does NOT cover administrators in the same school district, then the former teacher will have to leave the BCTF/BCSTA Plan not later than after one year at the non-teaching position.

Conversion privilege information should continue to go out in the normal manner for other teachers (or covered administrators) whose Group Life coverage has ended. However, plan administrators may need to amend their standard letter or information package to reflect the extended period in which to exercise the conversion.

### 13. Waiver of Premium Benefit for Disabled Employees

#### What is Waiver of Premium?

This is a benefit to employers (and in some cases, employees, if employees pay a portion of their Life insurance premium) that allows Life premiums to be waived for disabled employees provided the rules described below are met. A Group Life claim for an employee approved for Life Waiver will remain Great-West Life's responsibility for the duration of the Life Waiver even if the Plan terminates and coverage transfers to another carrier.

More precisely, the Waiver of Premium provision allows Life insurance to continue for “totally disabled” employees without payment of premium upon approval by the insurer. Life insurance coverage will remain in force (and the premium will be waived) until the earliest of the following:

- the employee ceases to be totally disabled;
- July 1<sup>st</sup> following the employee’s 65<sup>th</sup> birthday; or
- the date on which the employee is no longer receiving LTD benefits from the teacher's LTD plan for any reason, including resignation and early retirement.

Some employees are not teachers and may not be eligible for LTD benefits from the BCTF Salary Indemnity Plan in which case the rule set out in the third bullet above does not apply. These employees can continue to receive Life Waiver of Premium benefits following early resignation and early retirement, subject to bullets 1 and 2 above.

#### What Happens when an Employee who has Qualified for Life Waiver of Premium Benefits Resigns?

As noted above, some employees may have their Life Waiver of Premium benefits continued after their resignation. This can complicate the Waiver of Premium audit that takes place every second year. We ask that, whenever possible, you make an effort to remain in contact with any resigned employee remaining on Life Waiver of Premium up to their normal retirement age.

Teaching staff employees are considered totally disabled if unable to perform the duties of their own occupation for the first 24 months of disability and the duties of any occupation thereafter.

For teaching staff covered under the BCTF LTD plan, the ‘waiting period’ is the same as the waiting period specified for totally disabled employees under the LTD plan. For employees not covered under the BCTF LTD plan, the Waiver of Premium will begin once they have been totally disabled for at least six months.

Please ensure that the employee has reviewed and completed the “Life Waiver Employee’s Guide” (Great-West Life form number M4811). This guide contains:

- an explanation of the Life Waiver of Premium application process;
- an Employee's Statement (Notice of Claim form) to be completed by the employee;
- an Authorization Request to be completed by the employee; and
- an “Attending Physician’s Statement - Group Life Waiver of Premium Claim” to be completed by the employee’s doctor.

For reasons of privacy, we suggest the employee return the Notice of Claim form to you in a sealed envelope or submit it directly to Great-West Life. Once the form has been sent to you or the insurer, you should complete the “Application of Group Life Waiver of Premium Benefits – Employers statement” (form number M642) and forward all forms to Great-West Life so that they may review to determine if the Waiver of Premium claim is supported. Missing information may delay the claim.

It is very important that the completed forms are submitted to Great-West Life promptly. Life Waiver of Premium benefits may be delayed if these forms are not submitted at least eight weeks prior to the end of the waiting period. **Under no circumstance should the waiver claim be submitted after the deadline of**

**six months following the end of the waiting period. If forms are submitted after the deadline, premiums will not be waived.**

You have an obligation to ensure that all disabled employees, including those in receipt of Workers' Compensation benefits, receive the claim forms necessary to apply for Waiver of Premium within the required timelines. You should also perform a regular audit of your employees who are not actively at work to ensure that no one is overlooked.

To fund the liability that a Life claim may be paid in the future for individuals approved for Life Waiver, Great-West Life must set aside a fund of money (called a Life Waiver reserve). These reserves are funded from paid premium. At each renewal, the Plan's claims, reserves and expenses are compared to premium and discussed by the Insurance Committee of the BCTF/BCSTA Group Life Insurance Plan, Great-West Life and Aon Hewitt. At this time, your Plan's required premium rates for the next policy year are determined. The higher the reserves, the more pressure there is for rate increases. It is essential that the records for all existing waiver claimants be kept as accurate and up to date as possible to avoid premiums that are higher than necessary. An employee who is recorded as receiving the waiver of premium benefit, but is no longer receiving this benefit, may have reserves held by Great-West Life to fund a liability that no longer exists, instead of being released.

#### **What is the Amount of Life Insurance for Disabled Employees with the Plan A Benefit Formula?**

Active employees covered under Plan A receive a benefit which changes based on their age, as follows:

Under Age 35:	3.0 times annual earnings*
Age 35 but under Age 45:	2.5 times annual earnings*
Age 45 but under Age 55:	2.0 times annual earnings*
Age 55 to Normal Retirement Age:	1.5 times annual earnings*
Normal Retirement Age** and above:	0.75 times annual earnings*

\*Subject to the rounding provision (benefits for employees before their normal retirement age have their benefit rounded to the next higher \$1,000 if not already a multiple of \$1,000, and to the next higher \$500 if not already a multiple of \$500 for employees who have reached their normal retirement age).

\*\* Employees reaching normal retirement age have their Life benefit reduced by 50% from 150% of annual earnings to 75% of annual earnings. Normal Retirement Age is the October 1<sup>st</sup> following the school year in which the employee's 65<sup>th</sup> birthday occurs.

Employees who were disabled prior to September 1, 2003 and have been approved for Waiver of Premium have their benefit amount frozen at the level in force at their date of disability.

In 2003 it was determined by the Insurance Committee that this provision was not equitable because active employees could receive a smaller Life benefit than disabled employees. The extra coverage available to disabled employees contributed to larger than necessary Life Waiver reserves. This led to higher than necessary premium charges to School Districts.

Therefore, employees who were disabled on or after September 1, 2003, and approved for Life Waiver of Premium benefits have the same age related reductions applied to their Life benefit as active employees.

Note that this September 1, 2003 change in benefit amount did not impact employees covered under Plan B because their benefit does not change based on age until normal retirement age. Under either Plan A or Plan B, Waiver of Premium benefits must cease by the July 1<sup>st</sup> following the employee's 65<sup>th</sup> birthday.

### Lump Sum Payouts of LTD: A Caution

Most Plan members belong to the BCTF Salary Indemnity Plan. For those disabled Plan members who do not belong to the BCTF Plan, we caution that accepting a lump sum LTD payout will end their waiver of premium benefit. The BCTF/BCSTA Group Life Insurance policy states that the Waiver of Premium benefit will terminate when an employee is no longer receiving LTD benefits for any reason. If you have staff members (e.g., principals) who are receiving LTD benefits from an insurance plan other than the BCTF Salary Indemnity Plan, please advise these employees that their Life Waiver of Premium claim will terminate if they accept a lump sum payout of their LTD benefit from their insurance company. Please note that for teaching staff covered under the BCTF Salary Indemnity Plan, the plan administrator does not offer lump sum payouts of LTD benefits.

### Clarification:

If the employer/employee relationship were to cease through a resignation or termination, the Life Waiver could still continue if the employee remained disabled. Only events which cause the LTD benefit to terminate, such as lump sum payments or early retirements, will also cause the Life Waiver benefit to terminate.

### Reminders:

If a disabled employee's Life Waiver of Premium application is declined, Group Life Insurance coverage can continue on a premium paying basis, for as long as the employee is considered an employee of the school district according to the terms of the Life Insurance policy, and as long as the policy with Great-West Life remains in force. If the employee is on an unpaid leave of absence, the three consecutive years' limitation continues to apply.

Please clearly document all disabled employees who have either been accepted or declined for Waiver of Premium. Include the following in your records:

- the employee's date of disability;
- the date of Great-West Life's acceptance/denial of the Waiver of Premium; and
- the reason why the Waiver of Premium has been declined (if applicable).

Once a Waiver of Premium employee's status changes (the employee ceases to be disabled, retires, etc.), please update your records. This information will be important for verification of future Waiver of Premium audit records to ensure the accuracy of the Plan's Waiver of Premium reserves information.

Please notify Great-West Life of every Waiver of Premium termination. Each Waiver of Premium reserve release will have a beneficial impact on the annual premium rate setting calculation.

**14. Waiver of Premium Audit**

In addition to the at-work employees, administrators must be careful not to forget about disabled employees whose Basic Life premiums are waived. Performing a Waiver of Premium audit is an important responsibility that you have as a plan administrator.

The Insurance Committee of the BCTF/BCSTA Group Life Plan has mandated that formal Waiver of Premium audits be conducted with Aon Hewitt managing the process and communicating with the school districts every two years. However, it is important that you conduct an internal audit at least once every year.

Every second year (August 31, 2018 will be the next audit), there will be a formal Waiver of Premium Audit conducted by Aon Hewitt. An outline of this process follows:

- Aon Hewitt will send an email to each school district attaching a password protected listing of its employees that Great-West Life's records show as being approved for Waiver of Premium under the BCTF/BCSTA Group Life Plan No. 20414;
- we ask the Plan Administrator at each school district to please check that the employees shown on the list are still eligible for Life Waiver of Premium or if there are any individuals missing from the list. If there are discrepancies, please note the differences and advise Aon Hewitt as soon as possible;
- once all the school districts have completed this process including advising Aon Hewitt, we will compile the information and advise Great-West Life; and
- discrepancies between data received by Aon Hewitt from Great-West Life and records kept by each school district may require us to request additional clarification from some school districts.

In this regard, please note that the next Life Waiver of Premium Audit will take place in 2018. While the Life Waiver information audited will be one point in time (August 31, 2018), an email to you regarding the audit will go out at a later date once we have received an updated Life Waiver listing (we expect November 2018).

BCPSEA has assisted Aon Hewitt in prior audits with the follow up on the collection of data. We expect that BCPSEA will continue to be involved in future audits.

**15. Working Past Normal Retirement Age****British Columbia's Changing Employee Demographics**

More employees across the province are considering working past their normal retirement date. Reasons for this include longer average lifespans, economic hardship and legislation eliminating mandatory retirement in British Columbia for most occupations including teachers.

Under the BCTF/BCSTA Plan, Life insurance can continue beyond the "normal date of retirement" if an eligible employee continues to work. However, there are some distinctions in coverage between employees who have reached their "normal date of retirement" and other employees. These distinctions are described below. For purposes of the BCTF/BCSTA Group Life Insurance Plan, the normal date of retirement is the

October 1<sup>st</sup> following the school year the employee reaches age 65. A school year is the 12 month period that begins on July 1<sup>st</sup> and ends on June 30<sup>th</sup>.

The first difference is the reduction in insurance volume. The volume, or face amount, of Life insurance reduces by 50% at the employee's "normal date of retirement." While employees who have not reached their normal retirement age of 65 have their Group Life insurance volume rounded up to the next higher \$1,000 if the volume is not already an integral multiple of \$1,000 based on their benefit formula, employees past normal retirement date have their volume rounded up to the next higher \$500 unless not already an integral multiple of \$500.

*Example 1:* An employee earning \$60,500 per year is covered under a school district's selected Plan A benefit, which provides a volume of insurance based on an age banded formula, and has a birth date of July 7, 1951.

Under the Plan A benefit formula, prior to normal retirement age, the insurance volume for employees over age 55 is 150% of earnings (\$90,750), which is then rounded up to \$91,000. The year the employee turns age 65 is the 2016/2017 school year. Therefore, on October 1, 2017 the employee's coverage would reduce from 150% to 75% of annual salary (\$45,375), rounded up to the next higher \$500 to become \$45,500.

*Example 2:* An employee earning \$50,000 per year is covered under a school district's selected Plan B benefit formula and has a birth date of May 11, 1951.

Under the Plan B benefit formula, all employees who have not reached normal retirement age have an insurance volume of 300% of annual earnings or in this example, an amount of \$150,000. As this is already a multiple of \$1,000, the volume is not rounded up. The year the employee turns age 65 is the 2015/2016 school year. Therefore, on October 1, 2016 the employee's coverage would reduce from 300% to 150% of annual salary or \$75,000. Since this is an integral multiple of \$500 the volume is not rounded up.

While younger workers are eligible to receive the Waiver of Premium benefit, this is not the case for disabled workers who reach their normal retirement date. If Great-West Life determines that an insured employee became disabled in accordance with the terms of the BCTF/BCSTA Group Life Insurance Plan, and before the end of the school year in which the employee's 65th birthday occurs, the insurer will waive the premium on the disabled employee's insurance throughout the benefit period, provided that the insurer was notified within the notification period.

The conversion benefit will continue past normal retirement, but the choice of individual Life insurance plans that are available after conversion will reduce as noted in the Conversion Privilege section.

## 16. Life Advance for Employees with Terminal Illness

The Insurance Committee authorized the commencement of a new feature to the BCTF/BCSTA Group Life benefit, the Life Advance, effective April 30, 2015. Should a covered employee suffer the misfortune of falling terminally ill, they may apply for a loan against the face amount of their Group Life policy. This Life Advance feature is subject to the following stipulations:

- the employee must have designated their beneficiary/beneficiaries as “revocable”;
- documentation from the employee’s physician that death is imminent (within 24 months) is required;
- applications must be made at least three years prior to Normal Retirement age (the October 1<sup>st</sup> following the end of the school year when the employee’s 65<sup>th</sup> birthday occurs);
- the loan must not exceed the lesser of: (i) \$50,000 and (ii) 50% of the face amount. When determining the maximum loan amount, consideration should be given to any reduction in the employee’s face amount in the upcoming two years; and
- if approved by Great-West Life, this loan and any applicable interest will reduce the face amount to be paid to the designated Beneficiary or Beneficiaries.

There is no premium impact to offering this new Plan feature.

Plan administrators should contact the Plan’s designated Life claims specialist at Great-West Life to initiate the Life Advance application process. There are Advance Payment Request forms for the employer and physician as follows:

- Advance Payment Request - Employer's Statement [Form 5885 BIL]; and
- Attending Physician's Statement - Advance Payment Request [Form 5886 BIL].

The Life Advance is a loan against the proceeds of the Life Insurance benefit. As such, interest will be charged. As mentioned above, the ensuing Life claim face amount will reflect the deduction of the loan amount, leaving the designated beneficiary or beneficiaries with a smaller benefit after a Life claim. It is possible for a situation to arise where the terminally ill employee unexpectedly recovers. In this situation, unless the employee chooses to repay the loan, interest would continue to accrue. The loan principal and interest could eventually reach the same size at the Life Insurance face amount. If this occurs, the Life Insurance offered under the Plan would lapse.

As the Life Advance (paid to the terminally ill employee) and the Life benefit (paid to the employee’s beneficiary) are separate, the Administrator will still have to initiate the process for the ensuing Life claim as described in more detail in Section 8.

## 17. Recent Contract Amendments

In 2011 a contract amendment was issued by Great-West Life to Policy Number 20414. Although issued in 2011, the amendment was made retroactive to January 1, 2006. The amendment documents Great-West Life’s longstanding practice for determining whether a claim is considered a new claim or a recurring claim. From the perspective of the BCTF/BCSTA Plan, this distinction becomes important to determine the period when premium is waived and when premium must be paid. Because most plan participants are employees covered under the British Columbia Teacher’s Federation Long Term Disability (LTD) plan with a matching LTD recurrence period, the amendment’s main purpose is to clarify the disability recurrence rules for the small number of non-teachers on the Plan.

In July 2013 a new contract amendment was issued by Great-West Life to reflect the departure of Principals, Vice Principals and Exempt Staff for School Districts 48 (Howe Sound) and 52 (Prince Rupert) from the Plan. BCTF/BCSTA Group Life insurance remains in place for teachers in both school districts.

No new contract amendments have occurred since 2013.

Plan Administrators are expected to keep a copy of the contract updated for any amendments when they occur. When a Plan amendment is issued, you should also keep the replaced pages in a separate section of your contract binder for reference.

**18. Forms Guide**

Below is a list of the Great-West Life forms that are referenced in the Admin Guide.

Many of the forms are available via Great-West Life's website. We have included links in the table below to ensure that you are always directed to the most current version of each form.

Other forms are not available via Great-West Life's website because the BCTF/BCSTA Plan uses a customized or non-standard version of Great-West Life's form. We have included the most current versions of these forms (at September 2017) in Appendix 3 for your reference. Fillable forms may be available. Please contact Great-West Life for soft copies of the forms.

Form Number	Form Name	Location
M6242 BIL	<a href="#">Trustee Appointment (Not Applicable in Quebec)</a>	GWL Website
M5995	<a href="#">Evidence of Insurability: Coverage Detail; Medical &amp; Lifestyle Questionnaire</a>	GWL Website
M62	<a href="#">Group Life Claim Form</a>	GWL Website
M4811	<a href="#">Life Waiver Employee's Guide</a>	GWL Website
M642	<a href="#">Application for Group Life Waiver of Premium Benefits - Employer's Statement</a>	GWL Website
M5886 BIL	<a href="#">Attending Physician's Statement - Advance Payment Request</a>	GWL Website
M6191(20414MP)	Application for Group Coverage (for school districts with mandatory participation)	See Appendix 3
M6191(20414OP)	Application for Group Coverage (for school districts with optional participation)	See Appendix 3
M5725(45)	Group Life Conversion Privilege Notification	See Appendix 3
M6236(45)	Group Life Conversion Information Sheet	See Appendix 3
M6190(20414GL)	Group Coverage Change Form	See Appendix 3
	Refusal/Cancellation of Coverage	See Appendix 3
M5885 BIL	Advance Payment Request - Employer's Statement	See Appendix 3

Last Update: November 8, 2017