



And Miscellaneous NAF Activities

# **Nonappropriated Fund Employee Life Insurance Handbook**

For Eligible Civilian Employees of Marine  
Corps Nonappropriated Fund Activities

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Si necesita ayuda en español para entender este documento, puede solicitarla sin costo adicional, llamando al número de servicio al cliente que aparece al dorso de su tarjeta de identificación o en el folleto de inscripción.

GCR 100-PI

## About Your Life Insurance Handbook

As a Marine Corps Nonappropriated Fund employee, you have a comprehensive program of term life insurance plans as part of your benefits package. To help you understand how important these benefits are – to you and your family – this handbook has been prepared to explain what plans are available to you, how each plan works, and what benefits you might receive as a plan member.

In this handbook, you will find up-to-date summaries on:

- Standard Life Insurance
- Optional Life Insurance
- Dependent life insurance

The plan summaries in this handbook are intended to give you an easy-to-use reference guide to your life insurance benefits. However, a summary of this type cannot cover all the details. Each benefit plan is fully documented in an official plan document, which will always govern.

This handbook is yours to keep – read it carefully and let your family read it, too. Make sure you keep your handbook in a convenient place and refer to it often. As your benefit plans change, you will receive updated information.

### How Long Does the Plan Last?

The Business and Support Services Division expects to continue the Plan(s) indefinitely, but reserves the right to terminate or amend the Plan(s) at any time. Contributions to the Plan(s) will cease as the date of termination occurs. Receipt of this handbook is not a guarantee of a life insurance benefit. Eligibility criteria are mandated.

### Important Notice

This handbook contains a Living Life Benefit Provision. Please refer to the section of this handbook that contains this provision for details. The Living Life Benefit is NOT a long-term care policy or a nursing home insurance policy. You may use your Living Life Benefit for any purpose.

**PERSONAL LIFE INSURANCE WILL BE REDUCED IF YOU ARE PAID A LIVING LIFE BENEFIT. RECEIPT OF LIVING LIFE BENEFITS MAY AFFECT ELIGIBILITY FOR PUBLIC ASSISTANCE PROGRAMS SUCH AS, BUT NOT LIMITED TO, MEDICAID. RECEIPT OF LIVING LIFE BENEFITS MAY BE TAXABLE.**

## Your Life and AD&D Insurance Plan

### Membership Information:

**Eligibility:** all Regular Full Time and Regular Part time employees, unless otherwise stipulated in the nonappropriated fund policy guidelines, are eligible to participate in the Group Life Insurance Plans on the date they are: Employed on the U.S. payroll, have a Social Security Number, are subject to U.S. Income Tax, and are not subject to a Status of Forces Agreement provision that precludes eligibility.

You have 31 days from the date you are eligible to enroll in the Group Life and AD&D Insurance Plan(s). If you fail to enroll within 31 days of becoming eligible, your insurance will be deferred until the date the insurer approves your written evidence of insurability.

**Retirees:** Must meet continuation criteria of at least 15 cumulative years participating in the plan, and be enrolled at the time of retirement.

Your employer offers three types of life insurance: Standard Life and Optional Life, in addition to an Optional Dependent Life Insurance plan. Additional eligibility criteria may be obtained from your local Personnel Office.

**Cost:** The cost for Standard Life and AD&D insurance is shared by you and your employer. Please refer to the current rate sheet. The cost of Optional Life and Optional Dependent Life is borne entirely by the participant.

Premiums are determined by the Plan Administrator and are subject to change. Every effort will be made to provide advance notice of premium changes.

Failure to make premium payments will result in cancellation of coverage.

### Introduction

Protecting the people you care about is important to you. For that reason, your benefits package includes Life and Accidental Death and Dismemberment Benefits.

AD&D does not apply to retirees.

### Your Benefit Amount

Your "benefit amount" (the amount paid in the event of your death) is based on your earnings, as shown in the chart on the next page. The life insurance offered is "term life". It does not accrue a cash value. Please note that the Accidental Death and Dismemberment portion of the program pays an additional benefit if your death results from an accident. The following chart applies only to active employees.

<b>Annual Rate Basic Earnings</b>		<b>Standard Life Insurance &amp; AD&amp;D</b>
<u>More Than</u>	<u>Not More Than</u>	
–	\$ 1,999	\$ 4,000
\$ 2,000 –	2,999	5,000
3,000 –	3,999	6,000
4,000 –	4,999	7,000
5,000 –	5,999	8,000
6,000 –	6,999	9,000
7,000 –	7,999	10,000
8,000 –	8,999	11,000
9,000 –	9,999	12,000
10,000 –	10,999	13,000
11,000 –	11,999	14,000
12,000 –	12,999	15,000
13,000 –	13,999	16,000
14,000 –	14,999	17,000
15,000 –	15,999	18,000
16,000 –	16,999	19,000
17,000 –	17,999	20,000
18,000 –	18,999	21,000
19,000 –	19,999	22,000
20,000 –	20,999	23,000
21,000 –	21,999	24,000
22,000 –	22,999	25,000
23,000 –	23,999	26,000
24,000 –	24,999	27,000
25,000 –	25,999	28,000
26,000 –	26,999	29,000
27,000 –	27,999	30,000
28,000 –	28,999	31,000
29,000 –	29,999	32,000
30,000 –	30,999	33,000
31,000 –	31,999	34,000
32,000 –	32,999	35,000
33,000 –	33,999	36,000
34,000 –	34,999	37,000
35,000 –	35,999	38,000
36,000 –	36,999	39,000
37,000 –	37,999	40,000
38,000 –	38,999	41,000

**\$39,000 or more:**

Amounts of Standard Life Insurance and AD&D coverage (active employees only) will be determined in the same manner as the above schedule.

## Change in Coverage Amounts

As your annual salary increases or decreases, the amount of your life insurance will change accordingly.

Should you qualify for continued life insurance upon retirement, your life insurance will decrease at the rate of 25% (of initial volume) at ages 66, 67 and 68. **Accidental Death and Dismemberment insurance is NOT continued for retirees.**

### Living Life Benefit

You may elect to receive a portion of your employee life insurance benefit, including any optional life insurance you may have elected for yourself, while you are still living. In order to receive a living life benefit, you must elect the benefit in writing on the applicable forms and submit written certification from a doctor that you have a life expectancy of 12 months or less. You may be asked to submit medical proof. If you are approved, the benefit is an amount equal to:

- a. 50% of your combined amount of employee life insurance and any optional employee life insurance to which you are entitled on the date you apply in writing for this benefit;

**OR, IF LESS,**

- b. \$200,000.

**Note:** You may elect less than the maximum benefit, but you can receive a living life benefit only once. Payment will be made in one lump sum to you. If you have received a living life benefit and then you recover from the qualifying condition, you will not be required to refund the benefit paid to you.

If the amount of your employee life insurance is scheduled to reduce within 12 months following the date you apply for a living life benefit, your living life benefit will be based on the reduced amount.

The amount of your employee life insurance will be reduced by the amount of living life benefit paid to you. The living life benefit paid to you does NOT affect the amount of your AD&D insurance (active employees only).

If you are a retiree that has received a living life benefit, and your life extends beyond the expected 12 months, any future age reduction will continue to be applied to the remaining amount of life insurance. Premiums will continue based on the reduced life insurance amount plus the amount paid out as a living benefit.

Forms and applications for the living life benefit are available from your local Personnel Office.

## When the Living Life Benefit Will Not Be Paid

The living life benefit will not be paid if:

- a. you submit written certification from your doctor that you have a life expectancy of 12 months or less, and this certification is disapproved;
- b. you have already received a living life benefit;
- c. you are required by law or court order to use your employee life insurance benefit to meet the claims of creditors, whether in bankruptcy or otherwise;
- d. you are required by a government agency to use your employee life insurance benefit to apply for, receive, or keep a government benefit or entitlement;
- e. you live in a community property state, and written consent from your spouse is not provided;
- f. you are divorced, and as part of your court approved divorce agreement all or part of your employee life insurance must be paid to your children or former spouse; or
- g. you have assigned your rights under your life insurance coverage to an assignee or an irrevocable beneficiary, and written consent is not provided that the assignee or irrevocable beneficiary has agreed to payment of the living life benefit to you.

## Accidental Death and Dismemberment Benefits

AD&D Insurance also pays benefits directly to you if you lose a limb or your eyesight as a result of an accident and within 90 days of an accident. Benefits are paid as follows:

<b>Loss</b>	<b>Benefit</b>
Sight of each eye, each hand or each foot	1/2 your AD&D benefit, as shown above

No more than your full AD&D benefit will be paid for two or more losses. A “loss” of hand or foot means the hand or foot is cut off at or above the wrist or ankle. Loss of sight means the sight can never be regained.

Your AD&D coverage ceases when your life insurance coverage ends. Under no circumstances will AD&D coverage continue after employment terminates for any reason including retirement.

## **What the AD&D Plan Does Not Cover**

The AD&D portion of your plan does not provide benefits for losses caused by:

- ✓ bodily or mental infirmity
- ✓ disease, ptomaines or bacterial infections of any kind
- ✓ medical or surgical treatment
- ✓ suicide, attempted suicide, or intentionally self-inflicted injury (whether sane or insane)
- ✓ war or act of war (whether declared or not)

## **When Coverage Ends**

Provided you make premium payments, your life insurance coverage may be continued as long as you are in an eligible class.

At the time of your retirement, you may be eligible for continued insurance. See the "Continuation Of Coverage After Retirement" section later in this booklet for details.

## **Converting to Individual Coverage**

When your group life coverage ends, you may wish to convert to an individual policy and pay all premiums yourself. Any amount of personal group life coverage you may have a right to convert will be reduced by any amount of the living life benefit paid to you. For conversion information, contact your local Personnel Office.



## Your Optional Life Insurance Plan

### Membership Information

**Eligibility:** all Regular Full time and Regular Part time employees, unless otherwise stipulated in the nonappropriated fund policy guidelines, are eligible to participate in the Group Life Insurance Plans if they are: Employed on the U.S payroll, have a Social Security number, and are subject to U.S. Income Tax, and are not subject to a Status of Forces Agreement provision that precludes eligibility. If you are enrolled in the Life and AD&D Plan, you may sign up for the Optional Life Insurance Plan. If both husband and wife are employed by MCCS or miscellaneous NAF activities, they may not insure each other for Dependent Life. **Enrollment in Standard Life is required for optional life participation.**

You have 31 days from the date you are eligible to enroll in the Optional Life Insurance Plan. If you fail to enroll within 31 days of becoming eligible, your insurance will be deferred until the date the insurer approves your written evidence of insurability.

**Benefit Amount:** The amount of optional life insurance for the employee is determined by the annual salary as reported through the payroll system and is calculated as follows:

**Optional Life 1-** annual salary rounded to the next highest \$1,000 plus \$2,000, **or Optional Life 2-** annual salary rounded to the next highest \$1,000 plus \$2,000 times two. **Optional Life 1** will double the volume of your standard coverage. **Optional Life 2** will triple the volume of your standard coverage. The amount of insurance available on the employee will increase or decrease as salary increases or decreases and premiums will be adjusted accordingly.

**Eligibility of Spouse and Children:** Employees covered under the Standard Group Life Insurance Plan may elect optional coverage for their lawful spouse and dependent children.

Dependent children include, in addition to your own natural or lawfully adopted child, a step-child, foster child, or a child placed with you for the purpose of adoption. Any such child must be under age 23. Such a child who has reached age 19, but less than 23, must be a registered full-time student at an accredited institution of higher learning. A certification of full-time school enrollment will be required annually. Failure to provide applicable certification will result in cancellation of coverage.

You have 31 days from the date you have a qualified dependent to enroll the dependent in the Optional Life Insurance Plan. If you fail to enroll them within 31 days after you become eligible for dependent insurance, such insurance will be deferred until the date the insurer approves written evidence of insurability for each qualified dependent.

**Handicapped Child Extension:** If your eligible dependent child is handicapped upon reaching the age limit for dependent children, you may continue his or her optional Life Insurance coverage as discussed here. The term “handicapped” means that the child is physically or mentally unable to earn a living. Premiums for the child’s insurance will not change.

The insurer may require proof of the child’s handicap at reasonable intervals. The insurer may also, at its expense, have its doctor examine the child at reasonable intervals; but such exams will not be more often than once a year after the second year that the child’s insurance has been continued under this section. If proof of the child’s handicap is not furnished within 31 days after requested by the insurer, the child’s insurance will cease. In no event will the child’s insurance remain in effect beyond the date it would have ceased for any reason other than reaching the age limit.

The optional life insurance for your spouse or dependent child has four different levels of coverage available as shown on page 11. Only the employee can be the beneficiary for Optional Dependent Life.

**Premium Payment:** The optional and dependent life insurance programs are totally funded by the employee. The cost to the employee including coverage elected on the employee, spouse and dependent children will be withheld from the employee salary each pay period.

### **Effect of Retirement on Optional Life Insurance**

Employees retiring on or after their early retirement age of 52 who are eligible to receive an immediate annuity and who have participated in the Standard Life Plan for the 15 cumulative years prior to retirement and who have been enrolled in the Optional Life Plan since first eligible, will be entitled to continue the Optional Life and will be totally responsible for premium payments. Participation in Basic Life is a prerequisite.

Coverage for dependents may be continued for as long as the covered person qualifies as a dependent under the Plan.

Additional information on your Optional Insurance Plan is available at your local NAF Personnel Office, and in the “Continuation of Coverage After Retirement” section, seen later in this booklet.

## **When Coverage Ends**

Provided you make premium payments, your life insurance may be continued as long as you are in an eligible class.

At the time of your retirement, you may be eligible for continued insurance. You should contact your Personnel Office for information concerning insurance after retirement. Continuation eligibility criteria applies.

## **Converting to Individual Coverage**

When your group life coverage ends, you may wish to convert to an individual policy and pay all premiums yourself. Any amount of personal group life coverage you may have a right to convert will be reduced by any amount of personal accelerated death benefit paid to you. For conversion information, please contact your Personnel Office.

## **Filing Life Insurance Claims**

Upon your death your beneficiary will be required to file a claim for benefits through your local Personnel Office. A certified copy of the certificate of death will be required in order to file any claim for benefits. Your beneficiary should contact your local Personnel Office for further details. Should you name a minor child as your beneficiary, the surviving parent or the guardian will be required to submit legal guardianship papers in order that life insurance proceeds may be paid.

Retiree claims for life insurance should be forwarded to Business and Support Services Division for adjudication

## **Continuation of Coverage After Retirement**

Certain retirees are entitled to continued insurance coverage under the group plan as described below. Application for continuation of coverage must be made at the time of retirement. Forms can be obtained from your local NAF Personnel Office.

### **Standard Life Insurance**

Employees retiring on or after age 52, who are eligible for an immediate annuity and who have participated in the group life insurance plan for the 15 cumulative years prior to retirement, are eligible for continuation of their group life insurance at a special group rate. The amount of insurance in force at age 65 will decrease at the rate of 25% (of initial volume) on each of the 66th, 67th and 68th birthdays of the retiree. The retiree will be billed each month for the premium due. Failure to make premium payments on a timely basis will result in immediate cancellation of insurance.

Eligible employees electing continuation of Standard Life Insurance at the time of retirement will be subject to premiums as follows:

- a. Retirees age 62 and higher with 15 years of coverage will be charged 50% of group rate.

- b. Effective 1 January 2006, retirees that retire with an “unreduced” early annuity (at least age 55 w/30 years of credited retirement service or at least age 60 w/20 years of credited retirement service) will be charged 50 % of the group rate.
- c. Retirees age 52-61 but not yet 62, retiring with a reduced early retirement benefit, with 15 years of coverage will be charged the full group rate.

**Optional Life Insurance**

Employees who qualify for continuation of their Standard Life Insurance on retirement, may also continue their Optional Life Insurance provided that they have been enrolled in the Optional Life Insurance Plan for 15 years.

The optional coverage on the employee and any eligible covered dependents will be continued with full cost of such coverage being borne by the employee.

The amount of Optional Life Insurance in force at age 65 will decrease at the rate of 25% on each of the 66th, 67th and 68th birthday of the retiree, and premiums will be adjusted accordingly.

Premium payments must be deducted from retirement annuity payments each month and retirees will be required to sign authorization for this automatic deduction.

Should your group annuity payment or retirement disability payment not be sufficient to cover the cost of this continued insurance, you will be billed on a monthly basis for the total premium due. Failure to make premium payments will result in the immediate cancellation of all insurance coverage.

Coverage for dependents may be continued only as long as they qualify as a dependent under the Standard Life Insurance Plan.

<b>Optional Dependent Life Options</b>	<b>Spouse</b>	<b>Child(ren)</b>
Optional Dependent Life #1	\$5,000	\$2,500
Optional Dependent Life #2	\$10,000	\$5,000
Optional Dependent Life #3	\$15,000	\$7,500
Optional Dependent Life #4	\$20,000	\$10,000

**If both husband and wife are employed by Marine Corps Community Services, Business and Support Services Division or other Miscellaneous NAF, they cannot cover each other for Dependent life.**

**Receipt of this handbook does not constitute entitlement to a benefit that an employee is not eligible for, has cancelled or has waived.**

## Glossary of Terms

**AD&D** – Abbreviation for accidental death and dismemberment insurance.

**Adverse Selection** – The tendency of persons with poorer than average health expectations to apply for or continue coverage to a greater extent than do persons with average health or better health expectations.

**Beneficiary** – The person(s) designated by an insured to receive group life and/or accidental death benefits upon his or her death.

**Booklet** – A small brochure distributed to the covered employees which describe, in layman's language, the provisions of the group plan.

**Claim** – A demand by a covered person for benefits provided by the group plan.

**Conversion** – The privilege given to the covered person to change his or her group life coverages to a form of individual insurance without medical examination.

**Covered Person** – Any person entitled to benefits under a group plan.

**Effective Date** – The date on which coverage goes into effect.

**Eligibility** – The provisions of the group plan which state requirements that the members of the group must satisfy to become covered with respect to themselves or their dependents.

**Eligible Employees** – Those employees who have met the eligibility requirements for coverage set forth in the group plan.

**Eligible Dependent** – a legal spouse, or dependent child under the age of 19 (under age 23 if a full-time student).

**Evidence of Insurability** - application required for approval before enrollment in life insurance after the designated eligibility period has expired.

**Plan Document** – The document in which is set forth the plan of benefits.

**Proof of Loss** – Documentary evidence required to prove a valid claim exists.

**Termination** – An employee who terminates employment or withdraws from the protection of the group plan offered by the plan sponsor.

**Term Life** – Life insurance that has no cash value other than payment at time of death.

**Volume of Coverage** – Amount of insurance in force.