

# Life Insurance Coverage: Grandfathering

## What is grandfathering?

Grandfathering is an industry standard throughout all insurance companies. Grandfathering occurs when, as part of a takeover case, we are asked to accept (“grandfather”) current insureds at their current levels of coverage without being subject to evidence of insurability (EOI).

## What are the rules for grandfathering?

### Generally:

- Employees must be actively at work (AAW) on the plan effective date to be eligible for grandfathering.
- Minimum participation requirements must be met and documented in the proposal. They will vary by group size.
- New hires are subject to the standard guarantee issue (GI) limits.
- The grandfathered amount cannot exceed the plan maximum, unless authorized by Underwriting\*.
- The prior carrier’s invoice is required for list billed cases; the broker needs to validate and note on prior carrier invoice if the employer group wants their employees grandfathered.
- If a census is provided (generally for a case > 100 eligible) no prior carrier invoice is required if the census notes the existing coverage.

**\*Key Accounts only: An Administrative Exception Agreement will be attached to the contract**

### Key Accounts on FACETS (100-3,000):

Grandfathering requests should clearly specify if the request for coverage is outside of our sold policy requirements and an underwriting decision should be made.

### Small Business on PRIME (2-99):

- Grandfathering is **not** available for Basic Life over the GI limit.
- Grandfathering is allowed on Supplemental Employee Life over the GI limit. This includes:
  - New Business (electing products)
  - Renewals (adding products at renewal)
  - Existing (adding products off renewal cycle)

## EXAMPLES

### EXAMPLE A: The grandfathered amount cannot exceed the plan maximums.

Plan Maximum Amount: \$100,000

GI Amount: \$75,000

Employee’s Prior Carrier Amount: \$150,000

*Employee’s Coverage Amount w/UHC Plan: \$100,000*

### EXAMPLE B: Employees are grandfathered equal to their prior carrier coverage amount, waiving the EOI requirement.

Plan Maximum Amount: \$100,000

GI Amount: \$50,000

Employee’s Prior Carrier Amount: \$100,000

Requested Coverage Amount: \$100,000

*Employee’s Coverage Amount w/UHC Plan: \$100,000 (no EOI required)*

Note: in Small Business, this applies ONLY to Supp Life

### EXAMPLE C: Requests for a benefit amount higher than the prior carrier coverage amount will require EOI and medical underwriting.

Plan Maximum Amount: \$150,000

GI Amount: \$50,000

Employee’s Prior Carrier Amount: \$100,000

Requested Coverage Amount: \$125,000

*Employee’s Coverage Amount w/UHC Plan: \$125,000 (EOI required for \$25,000)*