

Administering Your Group Insurance Policy

HM Insurance Group (HM) has designed this guide to help you administer your *Group Insurance Policy*.

Based on the *State of Issuance*, you will receive either a *Group Policy* or an *Employer Participation Certificate (EPC)*. You will also receive an employee *Certificate of Insurance* for each line of coverage.

The *Certificate of Insurance* does not amend, alter or waive any provision in your *Group Policy/EPC*.

Your *Group Policy/EPC* and the *Certificate of Insurance* control your coverage. Always refer to these documents when you have questions about specific situations regarding your insurance coverage.

If you have questions about your insurance plan, contact your Client Service Consultant toll-free at 1-800-833-1115 or by e-mail at customerservice@hminsurancegroup.com. **Online forms are now also available at www.hminsurancegroup.com to assist you in administering your Group Insurance Policy. Visit the Web site periodically as new forms are always being added.**

(The terms in *italic* are defined in the Glossary.)

Plan Administrator Role

Your role as Plan Administrator is an important one.

You perform essential administrative duties with regard to your *Group Policy/EPC* and *Certificate of Insurance* for your employees. You also maintain records pertaining to eligibility, effective dates, enrollment and the amount and type of insurance in force.

The provisions in your *Group Policy/EPC* and *Certificate of Insurance* govern your group insurance program. Improper administration could result in incorrect billing or claim payment, a loss of benefits or the *Participating Employer/Policyholder* being liable for a claim not covered by this insurance.

The principle responsibilities of a Plan Administrator are as follows:

- **Enroll New Employees**

Notify employees when they are eligible to apply for insurance and when their insurance becomes effective. Maintain signed and dated enrollment forms and submit them to HM when applicable. Have each new insured employee complete an enrollment card before the end of the "eligibility waiting period."

- **Remit Premiums**

The first premium statement is prepared by HM and provided to you with your *Group Policy/EPC* and *Certificate of Insurance*. Each statement thereafter will be submitted approximately **two weeks** before it is due. Premium is due on or before the due date that appears on the statement.

- **Report Enrollment Changes and Terminations (List Billing only)**

Notify HM, in writing, of all employee changes as soon as they become effective, including name, salary and class changes. Provide the exact effective date of all changes. Prompt reporting of such changes will help prevent delays in claim payments and ensure accurate premium charges.

- **Provide Insurance Summaries**

Distribute *Certificates of Insurance* to insured employees when their insurance becomes effective and "Important Notices" to inform them of insurance changes.

- **Submit Evidence of Insurability (EOI)**
Provide *Evidence of Insurability* forms to employees to apply for insurance when Evidence of Insurability is required.
- **Approval for Group Insurance Literature**
Obtain prior written approval from HM for any written material you produce to describe your group insurance program. This includes brochures, newsletters, relevant portions of employee handbooks and any other summaries or descriptions of your *Group Insurance*.
- **Terminate Employees**
If your *Certificate of Insurance* includes a *Right to Convert* and/or *Portability** provision, promptly advise employees on their date of termination of conversion rights. If Life Insurance is terminating, immediately give the employee a Group Life Insurance Certification for Conversion form.

*Portability when applicable.
- **Submit Claims for Benefits**
Complete the appropriate claim forms and submit them to HM's address listed on the form.

Enrollment

To become covered, an individual must meet the following provisions as described in the *Certificate of Insurance*:

1. **Be an eligible employee**
2. **Complete the waiting period (if applicable)**
3. **Be actively at work**
4. **Provide Evidence of Insurability (if applicable)**

Enrolling New Employees and Dependents: Each employee should receive a copy of the Insurance Enrollment Form. It should be completed, signed, dated, and returned to the Plan Administrator. **The employer always retains the original.**

If your *Group Policy/EPC* offers Dependent Life coverage, the enrollment procedures and eligibility guidelines are outlined in the "Dependent Life Insurance" portion of the *Group Policy*.

Copy Distribution of Enrollment Forms: This process depends on billing method. You will receive one copy of the form. Be sure to make copies of the form for the appropriate individuals.

Distribution	Self Administration	List Bill
Original Enrollment Form	Keep this form with the employer's insurance records. It will be required in the event of a claim.	Keep this form with the employer's insurance records. It will be required in the event of a claim.
Employee Copy	Provide a copy to the insured employee stapled to his/her <i>Certificate of Insurance</i> .	Provide a copy to the insured employee stapled to his/her <i>Certificate of Insurance</i> .
HM	Do not send to HM.	Submit a copy of the form to HM to determine the effective date and calculation of benefits. HM will retain for files.

Active Work Requirement: To become insured, an eligible employee must be *Actively at Work*.

Evidence of Insurability: *Evidence of Insurability* is required for the reasons below; however, *Evidence of Insurability* may also be required for other situations as well:

- An employee requests a benefit amount that exceeds the *Guarantee Issue Amount*.
 - An employee applies for Contributory coverage more than 31* days after first becoming eligible.
- * Time limit may be 60 days – Consult your *Certificate of Insurance* for details and to determine if your plan has either of the above provisions.

Do not submit premiums for late applicants or excess coverage amounts (amounts over the Guarantee Issue) until such change is reflected on your invoice (list billed policies) or you have been notified, in writing, by HM (self-administered policies). Be sure that the employee understands that HM must approve coverage.

Participation Requirements

- **Noncontributory Coverage:** Coverage where the Group Policyholder pays the entire cost of the premiums. One hundred percent of those eligible must be insured on their *Effective Date* if they have met the *Active Work Requirement*.
- **Contributory Coverage:** Coverage where the employee is responsible for paying part or all of the cost of the premiums and must elect or reject coverage in writing. Eligible individuals must complete, sign and date an Insurance Enrollment Form, indicating whether or not they want coverage.

If this is done more than 31* days after first eligible, the individual is considered a late applicant and satisfactory medical *Evidence of Insurability* may be required for coverage at the employee's expense. HM determines if the employee is approved for coverage.

Participation under a *Contributory* plan must be kept at a specified level (usually 75 percent of those eligible). This is explained in your group policy on the Policy Data page.

* May be 60 days – Refer to your *Certificate of Insurance* for details.

- **Distribution of Certificates:** A *Certificate of Insurance* should be stapled to a copy of the enrollment form and given to each *Insured* employee as soon as he/she becomes *Insured*. This is the record of the beneficiary, payroll deduction authorization and, if applicable, waiver of coverage for contributory benefits.

Enrollment Changes

- **Change of Beneficiary or Change of Name in Administrative Record:** When an employee has a name or beneficiary change, he/she must complete a Change of Name or Beneficiary Form.

After the employee has filled out the form and signed and dated it, staple the form to his/her original enrollment form. Be sure to give a copy to the employee.

- **Change in Percent of Salary:** Changes in salary, job classification, age or work status may cause a change in an *Insured* employee's insurance coverage. An insured employee's coverage may increase, decrease or, in some cases, terminate as a result of such changes.

Check the Summary of Benefits in the *Certificate of Insurance* for details on increases and decreases in coverage amounts and for the effective date of any such coverage.

Report all changes to the HM billing department (list bill policies) or make adjustments on your self administered bill. Keep in mind that certain increases may require the employee to complete and submit *Evidence of Insurability* to HM.

- **Converting Coverage:** Your employees may have the right to convert their *Group Life Coverage* to an individual policy when their *Group Life Insurance* terminates or reduces in amount. For more information about termination of an employee's insurance and conversion rights, see your *Certificate of Insurance*.

Employees who choose to convert to an individual policy must do so within 31 days from the date their coverage under the *Group Policy/EPC* terminates. The instructions, information on how to calculate the premium and the mailing address are on the application form. (Please see "Converting to Individual Coverage" in the Life Insurance portion of the guide for more detail.)

Your employees may have the right to convert a portion of their Group Long Term Disability Coverage under certain circumstances when their Group Long Term Disability Coverage terminates. If you have the LTD Conversion option, you must complete the section "This section is to be completed by the employer" on the Application for Conversion of Group Long Term Disability Insurance form when an employee terminates.

After completing this section, give the application to the employee, along with a copy of the Long Term Disability Conversion Employee Packet.

Terminations

- **Employee Termination:** *Termination* of insurance coverage occurs when an *Insured* employee terminates employment, ceases to meet the *Definition of Employee*, withdraws from the plan (when contributory), expires or no longer qualifies for coverage as outlined in the *Group Policy/EPC*.

Refer to the "When Insurance Ends" section of your *Certificate of Insurance* for the conditions under which termination may occur.

When an employee voluntarily withdraws or waives coverage under a contributory plan, he/she must complete, sign and date a "Request for Termination of Group Insurance Coverage" form. Staple the original to the employee's original enrollment form and mail a photocopy to HM (list billing only).

- **Coverage Termination:** *Terminations* are effective at 12:01 a.m. Eastern Standard Time on the day following the date coverage terminates. Consult your *Group Policy/EPC* for termination of the contract and the *Certificate of Insurance* for termination of an employee's coverage.
- **Reinstatement of an Employee's Insurance:** Your *Certificate of Insurance* includes a provision for employees to become insured again when insurance ends. Consult your *Certificate of Insurance* for the requirements that must be met.

Evidence of Insurability may be required for contributory policies.

Billing

Regular monthly premium payments are required to keep Group Insurance benefits in effect.

- **Premium Payments**
If you have any questions regarding your bill, please contact the Billing Department at 1-800-443-3221 or e-mail HM at customerservice@hminsurancegroup.com.

The first premium statement is prepared by HM and delivered to you with your *Group Policy/EPC*. Each statement thereafter will be generated **approximately two weeks** before it is due.

Premium is due on or before the due date that appears on the statement. To prevent lapses in coverage, your timely payment of premium is very important.

Payment must be received within the grace period stated in your *Group Policy/EPC* for insurance to remain in force. Make checks payable as instructed on the premium statement.

- **List Billing**

Your premium statement will reflect the total premium due, any debit/credit adjustments and past due premiums. Coverage, gross premiums and applicable retroactive adjustments will be detailed for each employee.

Take time to review each invoice for accuracy, and immediately notify the HM billing department of any discrepancies.

We ask that you remit the net total of the gross premium and debit/credit amounts as billed. Adjustments for enrollment changes will be reflected on your next statement.

For changes, complete the reverse side of the premium statement, making sure to note an effective date for the change(s). Copies of insurance enrollment forms for new employees electing and/or waiving contributory coverage should be included along with your payment.

- **Self Administration**

Your statement consists of two pages. The first page of your bill details your account name, address, group number and billing period.

A reminder message will appear on this page if payment for the previous billing period was not received by the date the statement was generated. Disregard this message if payment has been issued.

The second page is where premium data is displayed. For calculation purposes, the closing data from the previous billing period is duplicated on the current billing period. Any adjustments for retroactivity can then be calculated.

As the plan administrator, you are responsible for accurately reporting Lives and Volume, as well as calculating the premiums.

“Lives” equals the number of insured employees. “Volume” will either be a flat dollar amount times the number of employees or the sum of all insured employees’ annual earnings.

Refer to the Policy Data page of your *Certificate of Insurance* to determine how volume is expressed for Group Life and Accidental Death & Dismemberment (AD&D). The Summary of Benefits provision of your *Certificate of Insurance* should be referred to for the schedule of benefits and maximum amounts.

Complete the necessary data as noted in the following table:

Self Administration Premium Statement	
Column	Required Data
Prior Month's Premium In Force From Last Statement	These fields will already be completed if payment for the previous billing period was received when the statement was produced. If payment was received after the bill was generated, you will need to enter the data from the previous billing period.
Net Changes	Calculate the net result of enrollment and volume changes since the preceding period.
Current In Force	The net total of the In Force From Last Statement and Net Changes columns.
Unadjusted Premium	Divide the volume by the per unit* and multiply by the current premium rate.
Prior Month's Adjustments	Enter the net result of any retroactive adjustments for which you need to pay or take a credit. For auditing purposes, please detail the reasons for any such adjustments in the area provided at the bottom of the statement.
Adjusted Premium	Enter the total of the Unadjusted Premium and Prior Month's Adjustments columns.

Return the original Premium Statement with your payment in the envelope included with your statement. Make sure to send back the statement even if **no** premium is owed or a credit balance exists on your account with the current month's lives and volume.

Be sure to retain a copy for your records.

* If the premium for a specific coverage is paid on a flat, per member basis (as in Dependent Life coverage), no per unit exists. To calculate the premium, simply multiply the number of lives by the rate.

Renewal Process

The front page of your *Group Insurance Policy* states the effective date and conditions that apply to the initial term of coverage and subsequent renewals.

To determine your premium rates for the next policy term, HM will need current information pertaining to your employees. Such information will be requested approximately four months before the renewal date.

Glossary

See the Glossary portion of the guide.

If you have questions or would like more information, please call your Client Service Consultant toll-free at 1-800-833-1115 or e-mail HM at customerservice@hminsurancegroup.com.