

# Glossary

These definitions are intended for informational purposes only. HM Life Insurance Company assumes no responsibility for this information. Please refer to your Policy or Employer Participation Certificate for the terms and conditions that apply to your specific group coverage.



Please click on the first letter of the word you are searching for:

[A](#) [B](#) [C](#) [D](#) [E](#) [F](#) [G](#) [H](#) [I](#) [J](#) [K](#) [L](#) [M](#) [N](#) [O](#) [P](#) [Q](#) [R](#) [S](#) [T](#) [U](#) [V](#) [W](#) [X](#) [Y](#) [Z](#)

## A

**Accidental Death And Dismemberment Insurance (AD&D):** Group Insurance providing a lump sum benefit in the event of death or dismemberment as a result of an accidental bodily injury.

**Accidental Death And Dismemberment (AD&D) Amount:** Payment made to the beneficiary in the event of the insured's death or payment made to the insured in the event of specific bodily losses (i.e., vision, limb) resulting from an accident.

**Accidental Death Benefit (ADB):** A death benefit paid under an AD&D insurance policy if the insured dies as the result of an accidental bodily injury. Under a Group Life and AD&D product, the accidental death benefit is paid in addition to the amount of life insurance and is sometimes referred to as "double indemnity."

**Account Number:** The account number is to the right of the transit routing number on your check. The number identifies the account from which funds will be electronically debited on your premium due date based on the amount of your premium due.

**Actively At Work:** Status of an employee who is working full-time (a minimum of 30 hours per week) and performing the usual duties of his/her job at the employer's usual place of business.

**Active Work Requirement:** A standard requirement mandating that an insured employee be **Actively At Work** at his or her usual place of employment on the date insurance coverage takes effect.

**AD&D:** Accidental Death and Dismemberment Insurance.

**Administration:** The broad aspect of administering an insurance program, which includes the enrollment, collection and remission of premiums, additions and terminations to the billing statement; distribution of Certificates; requests for amendments; and submission of claims.

**Administrative Guide:** A guide for policyholders that outlines the administrative duties the policyholder must perform to ensure the successful operation of the Group Insurance program.

**Administrative Letter:** A letter to a policyholder from the underwriter or another representative of the insurance company that varies the terms of the Group Policy for specific situations or individuals and that is intended to be binding on the company. In appropriate cases, an administrative letter is used on an exception basis in lieu of an amendment to the Group Policy.

**Administrator:** The person designated by the policyholder to be responsible for the administration of a group insurance plan.

**Affiliate:** A company or person whose business is controlled by the policyholder through stock ownership or contract. The insurance laws of the State-Of-Issue determine whether an affiliate must be under common control or policyholder control in order to be covered under a Group Policy issued to the policyholder.

**Application:** A signed request by a policyholder for group insurance coverage. The application is made part of the group policy after it has been signed by the policyholder (i.e., employer) and upon receipt of the policy or other evidence of coverage formally establishing the risk.

**Authorized Representative:** A person legally empowered to act on behalf of an employer to contract with an insurer for group insurance benefits.

## **B**

**Basic Life Amount:** Usually refers to liability policies and indicates the lowest amount for which a policy can be written. This amount is either prescribed by law or company policy.

**Beneficiary or Beneficiaries:** The person or persons named by the insured under a Group Life Insurance Policy to receive the death benefits if the insured dies. An insured can name or change beneficiaries at any time. The consent of a named beneficiary is not needed to change beneficiaries.

**Beneficiary, Primary:** The first person(s) designated to receive proceeds of an insurance policy upon death of the insured.

**Benefit:** The amount payable by the insurance company to a claimant, beneficiary or assignee under each insurance product coverage in a group contract.

**Benefit Duration:** Period of time that benefits under the insurance contract are payable for a particular claim. Typically, an applicant may select a benefit period ranging from a specific number of years, or to age 65, or for a lifetime.

**Benefit Period:** The duration an insured employee is paid a benefit when he or she is disabled. See also [Maximum Benefit Period](#).

**Benefit Percentage:** The percentage of covered earnings used to calculate the benefit payable under the group disability plan.

**Billing:** The statement requesting the policyholder to pay a premium on a particular due date. See [Premium Notice](#).

## **C**

**Carrier:** The insurer who issues and agrees to underwrite (carry the risk and provide certain types of coverage and service) the insurance policy.

**Certificate Of Insurance:** A document summarizing the insurance benefits and principal provisions of the group plan, as outlined in the Group Policy or Employer's Participation Certificate. In accordance with state insurance laws and the terms of the Group Policy, the policyholder must distribute a Certificate of Insurance to each insured employee.

**Claim:** A request to an insurance company for benefits under the terms of a policy.

**Claimant:** The insured or a beneficiary exercising the right to receive benefits.

**Claim Form:** A printed form furnished by an insurance company to assist a claimant in providing satisfactory written proof of loss to substantiate his or her claim.

**Company:** The insurance carrier that underwrites the coverage shown on the cover page of your Policy/EPC and the Certificate of Insurance. Depending on the coverage provided and the state of the issue of the Policy/EPC the insurance carrier shown on that page will be: HM Life Insurance Company, HM Life Insurance Company of New York, or Highmark Casualty Insurance Company. All of these companies are part of the HM Insurance Group.

**Contribution:** The part of an insurance premium paid by either the policyholder or the insured employee, or both.

**Contributory Insurance:** A group insurance plan issued to a policyholder under which the employee pays all or a part of the cost of the insurance, as determined by the policyholder. Employees can decline coverage, although a [Minimum Participation Percentage](#) is required for the group as a whole.

**Conversion:** In a **Right To Convert** provision outlined in an insurance plan, the insured may have the privilege of converting his or her group insurance protection to an individually billed coverage under an individual policy of insurance or under a group insurance certificate. Conversion is mandatory in life contracts.

**Conversion Period:** The period, usually 31 days, during which an individual must exercise his or her **Right To Convert** by both applying to HM Life Insurance Company in writing for the conversion coverage and paying HM Life Insurance Company the first premium for that coverage. The Conversion Period may be extended, depending on the law of the State Of Issue, if the insured does not receive Notice of the Right To Convert in a timely manner.

**Conversion Privilege:** The privilege given to the employee to change his or her Group Life to a form of individual insurance without medical examination. The conditions under which conversion can be made are defined in the Group Policy. Conversion Privilege also is called **Right To Convert**.

**Coverage:** A major classification of benefits provided by a group policy (i.e., term life, short term disability, long term disability), or the amount of insurance or benefit stated in the group policy, or other evidence of coverage for which an insured is eligible.

**Covered Person:** Any person entitled to benefits under a group policy (insured or covered dependent).

## D

**Death Benefit:** The life insurance benefit paid to the beneficiary upon the death of the insured.

**Declination:** Declining insurance coverage to groups and individuals due to underwriting practices and procedures.

**Definition Of Earnings:** Basic salary, including tax deferred contributions made to a qualified plan sponsored by the Employer and commissions, but excluding bonuses, overtime, and any other compensation. (Commissions based on prior calendar year, or, if employed less than 12 months, average of time worked).

**Definition Of Employee:** An individual who is eligible for coverage under the Group Policy and subject to all terms of the Group Policy, including the [Minimum Participation Requirements](#).

**Dependent:** An insured's spouse and unmarried child(ren) who meet certain eligibility requirements and are not otherwise insured under the same group policy. The precise definition of a dependent is shown in the Certificate of Insurance.

**Dependent Coverage:** The amount payable to an insured's spouse and unmarried children who meet the eligibility requirements in the plan.

**Dependent Life:** Life Insurance for an insured's spouse and unmarried children who meet the eligibility requirements in the plan.

**Disability or Disabled:** For Short Term Disability Insurance, the condition of an individual who is unable, as a result of sickness, accidental bodily injury or pregnancy, to perform with reasonable continuity the material duties of his/her own occupation. For Long Term Disability Insurance, the condition of an individual who is as a result of sickness, accidental bodily injury or pregnancy either Totally Disabled or Residually Disabled.

## **E**

**Earnings:** See [Definition of Earnings](#).

**Effective Date:** The date that insurance coverage becomes effective.

**Electronic Signatures In Global And National Commerce Act (Public Law 106-229):** Gives legal validity to electronic signatures, records and contracts. Specifically, it allows parties to establish their own procedures and requirements for electronic contracts, agreements and records and makes it clear that these electronic documents have the same legal effect as paper transactions; retains paper requirements for sensitive documents such as wills, eviction notices, court orders, suspension of utility notices, product recalls and documents regarding hazardous materials; requires companies to obtain prior consent from consumers in order to receive documents electronically as well as demonstrate that individuals have the necessary software and equipment to receive the materials; allows consumers to opt out at any time and again receive documents on paper; and requires companies to detail how they will store electronic records in a secure manner. (This law took effect October 1, 2000, with the electronic records provision taking effect March 1, 2001.)

**Eligibility Requirements:** The requirements in a Group Policy that employees must satisfy in order to become insured with respect to themselves and/or their dependents.

**Elimination Period:** The length of time in which an insured must be continuously disabled before disability benefits become payable under the Group Policy.

**Employee:** See [Definition of Employee](#).

**Employer Contribution:** The portion of a group insurance premium paid by the policyholder.

**Employer Group:** Groups made up of employees of a common employer. Group policies may be issued to the employer to cover employees and their dependents.

**Employer Identification Number (EIN):** A number that identifies each employer, as mandated for taxation purposes.

**Employer Participation Certificate (EPC):** The contract document issued to a Participating Employer insured under an out-of-state trust product.

**Enrollment:** The process of explaining the proposed Group Insurance plan to eligible employees and assisting them in properly completing their applications for coverage.

**Enrollment Form:** A document signed by the policyholder (i.e., employer) to indicate his or her intent to participate in the group insurance plan. If group life and accidental death and dismemberment coverage are involved, the form usually includes the beneficiary's name and relationship.

**EPC:** See Employer Participation Certificate.

**Evidence Of Insurability (EOI):** Satisfactory proof of good health required under certain circumstances, such as when applying for insurance after the eligibility period or applying for amounts of insurance above the Guarantee Issue Amount. EOI also may require information about other insurance coverage in order to avoid overinsurance.

## G

**Group Insurance:** Insurance covering employees of a group under a policy issued to the group organization.

**Group Life Coverage:** Life insurance covering employees of a group under a policy issued to the group organization.

**Group Insurance Trust:** A fiduciary relationship in which one or more persons or organizations, usually a bank, are issued a master group policy for the benefit of someone other than the Trustee. For purposes of group insurance, the master policy is issued, and held in trust, for the benefit of Participating Employers.

**Group Policy:** A contract between the insurance carrier and the policyholder that outlines the insurance coverage for individuals in the group. The policy includes the policyholder name, coverage provisions, policyholder provisions, effective date, initial policy term, initial premium rates and premium due dates.

**Group Term Life:** Insurance coverage for a specific period of time or term that pays benefits only if the insured dies within the term period (also referred to as temporary insurance). If the insured survives beyond that period, the coverage ceases. Unlike a whole life policy, this type of policy does not build up any cash or non-forfeiture values.

## I

**Industry:** The industrial classification identifying the policyholder's nature of business.

**Industry Factor:** A premium load or discount applied to reflect the appropriate risk presented by the nature of the policyholder's business.

**Insured:** An individual whose life or income is covered by an insurance contract.

**Insurer:** A company or organization that promises to indemnify others against loss.

## L

**Life Insurance:** Insurance that pays a death benefit if an insured individual dies.

**List Billing:** Invoicing method that provides the Policyholder with a detailed statement identifying specific information about eligible employees. This information will include, and is not limited to; listing of the eligible employees, the type and amount of coverage and premium owed per employee along with the total of premium owed for both current and past invoice periods. This method of invoicing requires that the Policyholder provide membership information to the insurer in order to accurately produce this statement.

**Long Term Disability (LTD) Income Insurance:** A benefits plan that helps replace earned income lost through the inability to work because of a disability caused by an accident or illness.

**LTD:** Long Term Disability Insurance.

**LTD Benefit:** The net monthly disability income benefit paid to the policyholder of a Long Term Disability Insurance product.

**LTD Benefit Percentage:** The percentage of pre-disability earnings paid to the claimant of a Long Term Disability Insurance product.

## M

**Managed Group Disability Coverage:** Group insurance coverage that includes Long Term Disability Insurance and Short Term Disability Insurance.

**Maximum Benefit:** See [Plan Maximum](#).

**Maximum Benefit Period (MBP):** The maximum length of time for which benefits are payable during any one period of disability, whether from one or more causes. The maximum benefit period begins after the insured satisfies the [Elimination Period](#), and it varies with the type of coverage.

**Member:** An individual/employee who is eligible for coverage under the Group Policy and subject to all terms of the Group Policy, including the [Minimum Participation Requirements](#).

**Minimum Benefit:** The minimum amount that must be paid to the insured if the benefit formula produces a lesser amount. Usually, an employee must meet a required period of service to qualify for the minimum benefit.

**Minimum Participation Requirements:** The minimum number of employees who must participate in order for an employer to qualify for Group Policy coverage.

**Minimum Participation Percentage:** The minimum percentage of employees who must participate in order for an employer to qualify for Group Policy coverage. Generally, 75 percent of the total number of employees in a Group Policy must participate in order to receive Contributory Coverage, and 100 percent of the total employees must participate in order to receive noncontributory coverage.

## N

**Noncontributory Insurance:** A group insurance plan issued to a policyholder for which the policyholder pays the entire cost of the insurance. One hundred percent employee participation is required. An employee can decline coverage only by completing a Waiver of Noncontributory Insurance Form that is approved by underwriting.

## O

**Out-Of-State Trust Product:** A product marketed to participating employers under a Group Policy issued to the trustees of a trust. This approach often is used for administrative ease in issuing coverage and/or to comply with restrictive state insurance laws (i.e., laws requiring a minimum participation number or percentage or which limit the amount of coverage available for insured or employee dependents).

## P

**Paid Claims:** The total amount of money paid by the insurance company on claims submitted by a policyholder for a specified period of time.

**Participating Employer:** The legal entity (i.e., employer, trustee) to whom an insurer issues a contract (also referred to as [Policyholder](#)).

**Participation:** The number or percentage of eligible employees who are insured under a Group Policy.

**Part-Time Employment:** The employment status of a person working less than on a full-time basis (namely, less than 30 hours per week). Group Insurance usually requires that applicants be actively employed on a full-time basis.

**Percentage Employer Pays:** This is the percentage of the premium paid by the employer. The premium is reduced if the employer pays 100 percent of the premium.

**Permanent and Total Disability (PTD):** A physical or mental impairment resulting in loss of earning power that is expected to continue for the lifetime of the insured.

**Plan Maximum:** The maximum amount of money that an insurance company will pay for claims within a specific time period. Maximum dollar limits vary significantly and may be based upon (or specified in terms of) types of illnesses or services and can be specified for a time period ranging from one year to a lifetime.

**Policyholder:** The legal entity (e.g., employer, trustee) to whom an insurer issues a contract (also referred to as [Participating Employer](#)).

**Policyholder Administration:** See [Self-Administration](#).

**Policy Term:** The period during which a policy provides protection.

**Policy Year:** The 12-month period between a group's effective date and the anniversary date.

**Premium:** The periodic payment required to keep a policy in force.

**Premium Adjustment:** An increase or decrease made in the premium of a policy because of past experience, an increase or decrease in coverage or the addition or deletion of a division or subsidiary.

**Premium Earned:** Premium for the portion of the policy period that has expired and for which protection was provided.

**Premium Notice:** The statement requesting the policyholder pay a premium on a particular due date. See [Billing](#).

**Premium Payment Mode:** The frequency of premium payments, usually monthly, quarterly or annually.

**Premium Rate:** The price of a unit of coverage or benefit.

**Premium Statement:** The report submitted to an insurance company at the premium due date of each policy month, covering the number of employees insured, adjustments for prior periods and the amount of premium due.

**Primary Beneficiary:** See [Beneficiary, Primary](#).

## Q

**Quotation:** The offer to a prospective policyholder to underwrite specified insurance benefits at quoted premium rates. The quoted premium rates may be firm or estimates subject to recalculation based on enrollment.

## R

**Rate:** See [Premium Rate](#).

**Reduction of Benefits:** Provision by which insurance benefits reduce by a predetermined percentage at a specified age.

**Residually Disabled:** For Long Term Disability Insurance, an individual is Residually Disabled during the initial period, generally 24 months, of Disability if he/she is unable, as a result of sickness, accidental bodily injury or pregnancy, to perform the substantial and material duties of his/her own occupation, with or without reasonable accommodation by an employer, provided he/she is working in his/her own occupation or another job or occupation and is unable to earn more than a specified percentage, generally 80 percent of his/her pre-disability earnings. After the initial period of Disability, an individual is Residually Disabled if he/she is working in his/her own or any other occupation or specialty and is unable, as a result of sickness, accidental bodily injury or pregnancy, to earn more than a specified percentage, generally 80 percent, of his/her pre-disability earnings from work in that occupation or any other occupation for which he/she is reasonably fitted by education, training and experience, with or without reasonable accommodation by an employer.

**Right To Convert:** See [Conversion Privilege](#).

**Routing and Transit Number:** The number is a nine-digit number at the bottom-left of your check. This number identifies your specific bank.

## S

**Self-Administration:** Administration of the Group Policy by the policyholder, who enrolls eligible participants, maintains insurance records and beneficiary designations, collects the required contributions (if any) from participants, and pays the premium to the insurance company.

**Short Term Disability Insurance (STD):** Group health insurance that provides partial income replacement for disabled employees through payment of a weekly or bi-weekly benefit, usually for periods of 13, 26 or 52 weeks.

**STD:** Short term disability insurance.

**Spouse Amount:** Benefits payable to the spouse of the insured based on the amount specified in the plan.

**Standard Industry Classification Description:** See [Industry](#).

**State Of Issue:** The state in which the Group Policy is issued and by whose laws the validity of the group and the terms of the Group Policy are governed.

## I

**Temporary Insurance:** See **Group Term Life**.

**Termination:** The cancellation of a group insurance policy or a specific individual who is covered under a policyholder's insurance plan.

**Termination Provision:** A policy provision stating the conditions that permit termination to a contract by either party and outlining the procedures by which a termination is accomplished.

**Term Life Insurance:** A form of life insurance that is issued for a limited term and renewable for successive periods at the option of the policyholder. Unlike Whole Life Insurance, there is no cash value.

**Totally Disabled:** For Long Term Disability Insurance, an individual is Totally Disabled during the initial period, generally 24 months, of Disability if he/she is unable, as a result of sickness, accidental bodily injury

or pregnancy, to perform the substantial and material duties of his/her own occupation, with or without reasonable accommodation by an employer, and he/she is not working at all. After the initial period of Disability an individual is Totally Disabled if he/she is unable, as a result of sickness, accidental bodily injury or pregnancy, to perform the substantial and material duties of any occupation for which he/she is reasonably fitted by education, training and experience, with or without reasonable accommodation by an employer, and he/she is not working at all.

## U

**Underwriter:** A person who has the authority and responsibility to select the Group Insurance risks the insurer will accept and to determine the basis and rates on which they will be accepted.

## W

**Waiver of Noncontributory Insurance Form:** A form completed by an employee who wants to decline from group insurance coverage. Underwriting must approve the waiver.

**Workers' Compensation:** The benefits payable under a state Workers' Compensation Law to an employee who suffered a work related injury, including temporary total, permanent partial, and rehabilitation benefits.

**Workers' Compensation Law:** A state statute imposing liability on employers to pay benefits and furnish medical care to employees injured at work and to pay benefits to dependents of employees killed in the course of, and because of, their employment.