

# VOLUNTARY BENEFIT OPTIONS COMPARISON

April 2018



# **VOLUNTARY BENEFIT PLANS COMPARISONS**

Enclosed is a series of side-by-side comparisons of the Aflac voluntary benefit plan proposals provided to ULA by the IAM negotiating team on April 16.

In summary:

- **ULA's rates are comparable or better** (sometimes significantly so) to those proposed by Aflac in nearly every category, and the ULA plans offer more robust and expansive coverage.
- We used **the same comparison methodology** in this side-by-side comparison as was used when ULA selected voluntary benefits carriers and coverage for 2017. **We evaluated Aflac then as well.**
- **ULA offers several additional plans not included in the Aflac proposal**, that if agreed to, we could offer to IAM employees as well.
- **Updating the CBA language to neutralize the Group Universal Life (GUL) voluntary life coverage requirement** would allow for ULA to find more affordable coverage under a Term policy, similar to the employee Term Life coverage proposal from Aflac, but with more options.

# **ACCIDENT COVERAGE COMPARISON**

## **ACCIDENT – OVERALL SUMMARY**

- **Overall benefits design favors the Allstate and MetLife coverages**, dramatically so when considering the schedule of benefits for top claim types and available election amounts of voluntary AD&D coverage.
- **Allstate and MetLife premiums are less** for coverage in all categories. The design also offers the ability to mix and match for the AD&D levels desired to match the Aflac proposal through a basic claim, vs. a catastrophic claim under Aflac.

# ACCIDENT – PROGRAM SUMMARY

Overview			
Underwriting	ULA / Allstate	IAM / Aflac	Advantage
Rate Guarantee	3 Years (in 2 <sup>nd</sup> year)	2 Years	Neutral
Plans	Off-the-job	Both on-the-job & off-the-job	Aflac
Age Restrictions	EE/SP: 18+/18+ CH: 0 to 26	EE/SP: 18+/ 18+ CH: 0 to 26	Neutral
AD&D Riders	Under separate policy	Yes	Allstate (MetLife)
Portability	Yes	Yes	Neutral
Benefit Reduction	No	No	Neutral

# ACCIDENT – PREMIUM

Semi Monthly	ULA / Allstate / MetLife	IAM / Aflac	Advantage
EE	\$3.54 / \$3.38 (AD&D)	\$9.97	Allstate + MetLife
EE+Spouse	\$8.57 / \$6.76 (AD&D)	\$15.64	Allstate + MetLife
EE+Child(ren)	\$11.04 / \$.68 (AD&D)	\$20.26	Allstate + MetLife
Family	\$14.24 / \$7.44 (AD&D)	\$25.94	Allstate + MetLife

Note: Current IAM voluntary AD&D (MetLife) is priced separately with EE, Spouse AD&D, and Child AD&D options. Sample semi-monthly rates for EE AD&D (\$250K of coverage): \$3.38; Spouse AD&D coverage (\$250K of coverage): \$3.38; Child AD&D coverage (\$50K of coverage): \$ .68.

EE + Sp tier above includes EE + Sp AD&D, EE + Child(ren) tier above includes EE + Ch AD&D, Family tier above includes EE + Sp + Ch AD&D.

**ACCIDENT –  
THINGS TO  
CONSIDER  
IN A  
SIDE-BY-SIDE  
COMPARE**

Accident plan designs are not easily comparable – focus on the most prevalent or recurrent claims & costs to determine value

**Top 5 Claims**

- Medical fees (ER, Urgent Care, Doctor)
- Ambulance
- Diagnostic Exams (e.g., X-Ray, CT Scan, MRI)
- Physical therapy
- Rehabilitation services

**Next 5 Claims**

- Dislocations
- Appliances
- Lacerations
- Hospital admission
- Hospital confinement

# ACCIDENT – CLAIMS PAYMENT REVIEW

HEALTH ACCIDENT	ULA / Allstate	IAM / Aflac	Advantage
Top Claims			
ER Room Treatment	\$200	\$200 (must have X-Ray, if not, \$150)	Allstate
Doctor's Office Treatment	\$200	\$100 (must have X-Ray, if not, \$75)	Allstate
Urgent Care Treatment	\$200	\$200 (must have X-Ray, if not, \$150)	Allstate
Ambulance	\$400 ground/ \$1,200 air	\$300 ground/ \$900 air	Allstate
X-Ray	\$400	\$50/\$25	Allstate
ER - Observation	\$0	\$70 per 24 hour period	Aflac
CT or MRI	\$200	\$150	Allstate
Physical Therapy	\$120	\$35	Allstate
Rehabilitation	\$400	\$75	Allstate
Accident Follow-Up Visit	\$200	\$35	Allstate



**ACCIDENT –  
CLAIMS  
PAYMENT  
REVIEW,  
CONT'D**

Accident	ULA/Allstate	IAM/Aflac	Advantage
Dislocation (Open/Closed - if applicable)	Open is X2/\$8,000 per schedule of benefits	Open is X2/\$2,250 per schedule of benefits	Allstate
Hip Joint (Closed / Open)	\$8,000	\$2,250	Allstate
Knee	\$3,200	\$1,462.50	Allstate
Ankle or Foot bones	\$3,200	\$900	Allstate
Shoulder	\$1,600	\$1,125	Allstate
Elbow	\$2,400	\$450	Allstate
Wrist	\$2,800	\$562.50	Allstate
Finger / Toe	\$240	\$180	Allstate
Hand bones	\$1400	\$787.50	Allstate
Partial Dislocation	25%	25%	Neutral

# ACCIDENT – CLAIMS PAYMENT REVIEW, CONT'D

Fractures	ULA/Allstate	IAM/Aflac	Advantage
<b>Next 5 Claims</b>			
Appliances	Up to \$500	Up to \$300	Allstate
Lacerations	\$200	Up to \$600	Aflac
Initial Hospital Admission Benefit	\$2,000	\$900	Allstate
Hospital Confinement:	\$400	\$225	Allstate
# of Days	365	365	Allstate
Intensive Care:	\$800	\$300	Allstate
# of Days	180	30	Allstate
<b>Other Benefits</b>			
Emergency Dental Work	\$400	Up to \$120	Allstate
Burns	Up to \$2,000	Up to \$15,000	Aflac
Concussion	\$1,200	\$350	Allstate
Skin Graft	50% of burn benefit	\$0	Allstate
Paralysis	\$30,000/\$60,000	\$3,500/\$7,500	Allstate
Coma	\$40,000	\$7,500	Allstate
Tendons/Ligaments	Up to \$2,000	Up to \$825 (inpatient)	Allstate
Ruptured Disc	\$2,000	\$825 (inpatient)	Allstate
Eye Injuries	\$400	\$175	Allstate
PTSD	\$0	\$150	Aflac
Pain Management	\$200	\$75	Allstate
Blood & Plasma	\$1,200	\$200	Allstate
Medical Supplies	Up to \$20	\$0	Allstate
Medicine (Rx or Over The Counter)	\$0	\$5	Aflac
Prosthesis	\$2,000	\$2,000	Neutral
Transportation (Bus / Train/Plane)	\$1,000	\$350	Allstate
Wellness Rider	\$50	\$25/\$50/\$75	Aflac

# ACCIDENT – CLAIMS PAYMENT REVIEW, CONT'D

The current CBA offers, and most employees take advantage of, robust AD&D coverage through MetLife in amounts greater than proposed by Aflac's supplemental AD&D rider (and at lower cost)

COVERED AD&D BENEFITS	ULA / MetLife	IAM / Aflac	Advantage
<b>Accidental Death</b>			
Employee	\$25K - \$500K	\$50,000	MetLife
Spouse	\$10K - \$250K	\$25,000	MetLife
Child	\$10K - \$50K	\$10,000	MetLife
<b>Catastrophic Dismemberment</b>			
Employee	\$25K - \$500K	\$250K	MetLife
Spouse	\$10K - \$250K	\$100K	Neutral
Child	\$10K - \$50K	\$100K	Aflac
<b>UNDERWRITING</b>			
<b>Waiting Period</b>	None	None	Neutral
<b>Guaranteed Issue</b>	Yes	Maybe	MetLife
<b>Continuation of Coverage</b>	Yes	Yes	Neutral
<b>Benefit Reduction</b>	NO	NO	Neutral
<b>Age Restrictions</b>			
Employee	18+	18+	Neutral
Spouse	18+	18+	Neutral
Child	26	26	Neutral

# **CRITICAL ILLNESS**

## **CRITICAL ILLNESS – OVERALL SUMMARY**

- **Overall benefits design favors Allstate.** Alzheimer, Parkinson's and Benign Brain Tumor coverage places Allstate slightly ahead of Aflac's differentiator (heart event rider) on design.
- **Premiums are comparable**, with Allstate most competitive in the 30s-40s bands, neutrally competitive in the 50s bands and Aflac most competitive in the 20s and 60s.
- Coupled with the above, the higher overall **coverage amount available (\$20K vs. \$30K) gives Allstate the edge for choice.**

# CRITICAL ILLNESS – PROGRAM SUMMARY

Overview			
Underwriting	Allstate	Aflac	Advantage
Rate Structure	Issue Age	Issue Age	Neutral
Rate Guarantee	3 Years (in 2 <sup>nd</sup> year)	2 Years	Neutral
Guarantee Issue	\$30,000	\$20,000	Allstate
GI Benefit Amount 2 Options	\$15K / \$30K	\$15K / \$20K	Allstate
Pre-ex	Waive Pre-Ex	Waive Pre-Ex	Neutral

**CRITICAL  
ILLNESS  
PREMIUM –  
\$15K  
NON-TOBACCO**

<b>Semi Monthly \$15K</b>	<b>ULA / Allstate EE</b>	<b>IAM / Aflac EE</b>	<b>Advantage</b>
<b>Age 25</b>	\$5.89	\$5.43	Neutral
<b>Age 35</b>	\$5.91	\$8.09	Allstate
<b>Age 45</b>	\$14.68	\$16.34	Allstate
<b>Age 55</b>	\$32.64	\$29.38	Neutral
<b>Age 65</b>	\$78.60	\$53.69	Aflac

**CRITICAL  
ILLNESS  
PREMIUM –  
\$30K/\$20K  
NON-TOBACCO**

Semi Monthly \$30K/\$20K	ULA / Allstate EE	IAM / Aflac EE	Advantage
Age 25	\$10.71	\$6.99	Aflac
Age 35	\$10.77	\$10.55	Neutral
Age 45	\$28.71	\$21.54	Aflac
Age 55	\$64.22	\$38.94	Aflac
Age 65	\$156.14	\$71.35	Aflac



# **CRITICAL ILLNESS – THINGS TO CONSIDER IN A SIDE-BY-SIDE COMPARE**

Many Critical Illness plans are comparable, with some new features being added to plans as conditions change or diagnosis is earlier. Prioritize review based on most prevalent and severe claims & costs:

- Cancer
- Heart Attack
- Stroke
- Coronary Artery Bypass
- Kidney Failure

Also to consider:

- It's difficult to actuarially gauge value of new vs. traditionally included benefits; look to what's most relevant and prevalent for your group
  - Benign Brain Tumor – 1 in 5 develop in lifetime (many don't cause problems)
  - Alzheimer's – 1 in 6 women and 1 in 11 men occur in lifetime

# CRITICAL ILLNESS – CONDITIONS REVIEW

Critical Illness	ULA / Allstate	IAM / Aflac	Advantage
Dollar	\$15K and \$30k	\$15K and \$20K	Allstate
Spouse	50%	50%	Neutral
Issue Age	18+	18+	Neutral
Waiver of Premium	Yes	Yes	Neutral
Successor Benefit	Yes	Yes	Neutral
Portability	Yes	Yes	Neutral
Cancer	100%	100%	Neutral
Heart Attack	100%	100%	Neutral
Major Organ Transplant	100%	100%	Neutral
Kidney Failure	100%	100%	Neutral
Stroke	100%	100%	Neutral
Non Invasive Cancer	25%	25%	Neutral
Coronary Artery	25%	25%	Neutral
Benign Brain Tumor	100%	0%	Allstate
Alzheimers Disease	25%	0%	Allstate
Parkinson's Disease	25%	0%	Allstate
Skin Cancer (Invasive / Noninvasive)	100%/25%	\$250 per calendar year	Allstate
Additional Diagnosis	Yes, 12 Months	Yes, 6 months	Aflac
Misc Heart Events	\$0	100%/10%	Aflac
Reoccurrence	12 Months	6 mo / 12 mo for cancer	Aflac
Health Screening	\$50	\$50	Neutral

**AUTO /  
HOME**

## AUTO / HOME – PROGRAM SUMMARY

**MetLife's annual savings review of new customers nation-wide reports an average annual savings of over \$500 when switching to MetLife Auto / Home**

ULA partners with MetLife to offer excellent group rates on Auto & Home coverage as part of our suite of Voluntary Benefits, with additional discounts offered just for ULA employees.

- MetLife's Auto Advantage goes beyond the basics with:
  - Employer payroll deduction
  - 24/7/365 claim service
  - Towing/roadside assistance
  - Identity Theft protection if your car is lost or stolen
  - Windshield repair without a deductible
- MetLife offers an optional Coverage A Plus Home coverage with any standard homeowners plan, which offers features you aren't likely to find with other policies:
  - Maximum coverage equal to the cost of repairs
  - Materials of "like kind and quality" for repairing your house
  - Total Cost replacement of your items, without a depreciation deduction

\*All features should be confirmed by Policyholder for your state of residence at the time of quote.

**GROUP  
LEGAL**

# GROUP LEGAL – PROGRAM SUMMARY



ULA offers Group Legal coverage as part of our suite of Voluntary Benefits. The coverage is MetLaw, also known by its former brand Hyatt Legal.

- At just \$9 dollars a pay period (\$18/month) through convenient payroll deductions, you have access to a high quality legal network of attorneys ready to assist you with legal matters large and small:
  - Creation of estate planning documents, wills, & trusts
  - Real estate matters (closings, property or tenant disputes)
  - Identify theft defense
  - Debt collection defense
  - Traffic offenses
  - Document reviews
  - Family law, including adoption and name change
  - 20 hours of divorce coverage
  - And much more!
- Your spouse and dependent children, if applicable, are also covered for this one low fee.
- Have an attorney you like that's not in network? No problem. You can submit for reimbursement under plan coverage.

\*All Policyholders should refer to the Summary Plan Description for a full description of legal plan coverage.

# **HOSPITAL INDEMNITY**

## HOSPITAL INDEMNITY – PROGRAM SUMMARY

We look at ULA's VB offerings every two years, and will continue to evaluate Hospital Indemnity for the future.

ULA does not currently offer a Hospital Indemnity coverage as a part of our suite of Voluntary Benefits.

Rationale for why it wasn't selected as part of ULA's first round of offerings:

- **There is duplication in hospital indemnity schedule of benefits with many of the features of the health accident coverage.**
- **We received excellent Health Accident rates through Allstate**, so we were able to offer a richer schedule of benefits (i.e. more coverage) in one place.
- **Hospital Indemnity coverage under Aflac is over 3x the cost of ULA's Allstate Health Accident coverage, and 2x the cost of some tiers of \$15K Critical Illness coverage.** While the hospital indemnity rates ULA considered weren't quite that high, we felt the combination of Health Accident and Critical Illness gave us the most coverage at the best value.



# **TERM LIFE & GUL**

## **GROUP UNIVERSAL LIFE & TERM LIFE – OVERALL SUMMARY**

- **Overall benefits design favors MetLife.** More coverage, better riders, better guaranteed issue, and better EOI provisions. No rate differential for Non-Tobacco/Tobacco.
- **Premiums favor MetLife.** Even with the more robust GUL coverage, premium costs are dramatically better with MetLife than Aflac's term product. **If we were to replace the GUL with a term life product, premiums would be 10% less than the existing GUL.**
- Coupled with the above, the higher overall **coverage amount available (\$20K vs. \$30K) gives Allstate the edge for choice.**

# EMPLOYEE GROUP UNIVERSAL LIFE & TERM LIFE – PROGRAM SUMMARY

Overview			
	ULA / MetLife GUL or Term Life	IAM / Aflac Term Life	Advantage
Coverage amount(s)	1-6x annual base pay to a maximum of \$2.5 million in coverage	Up to \$100K	MetLife
Guaranteed Issue	The lesser of 3x ABP or \$500K	\$10K	MetLife
Rate Guarantee	In renewal cycle for 2019-forward	10- and 20-year level term	Neutral
Renewability	For as long as you are employed; continuation post-employment without evidence of insurability	10- and 20-year term	MetLife
AD&D Benefit	Separate coverage EE can elect; up to \$500K	\$10K	MetLife
Accelerated Benefit	80% of coverage amount	50% of coverage amount	MetLife
Portable	Yes	Yes	Neutral

**EMPLOYEE  
GROUP  
UNIVERSAL  
LIFE &  
TERM LIFE –  
PREMIUM**

Semi Monthly  \$100K	ULA / MetLife GUL	ULA / MetLife Term Life	IAM / Aflac Term Life (10-yr term; Non- Tobacco)	IAM / Aflac Term Life (10-yr term; Tobacco)	Advantage
	EE	EE	EE	EE	
Age 25	\$2.10	\$1.90	\$10.49	\$19.02	MetLife
Age 35	\$3.35	\$3.00	\$14.19	\$26.82	MetLife
Age 45	\$6.65	\$6.00	\$26.56	\$53.28	MetLife
Age 55	\$19.30	\$17.35	\$49.92	\$104.17	MetLife
Age 65	\$49.55	\$44.60	\$100.40	\$215.28	MetLife

# SPOUSE AND CHILD TERM LIFE – PROGRAM SUMMARY

Overview			
	ULA / MetLife	IAM / Aflac	Advantage
Coverage amount(s)	1x, 2x, 3x annual base pay (Spouse); \$5K, \$10K, \$25K (Child)	Up to \$50K (Spouse); up to \$25K (Child)	Spouse: MetLife; Child: Neutral
Guaranteed Issue	2x ABP (Spouse); \$25K (Child)	\$5K (Spouse); \$5K (Child)	MetLife
Rate Guarantee	In renewal cycle for 2019-forward	10- and 20-year level term	Neutral
Renewability	For as long as you are employed	10- and 20-year term	MetLife
AD&D Benefit	Separate coverage EE can elect; up to \$250K (Spouse); up to \$50K (Child)	\$5K (Spouse); \$2,500 (Child)	MetLife
Accelerated Benefit	80% of coverage amount	50% of coverage amount	MetLife
Portable	Yes	Yes	Neutral

**SPOUSE AND  
CHILD  
TERM LIFE  
PREMIUM –  
NON-TOBACCO /  
TOBACCO**

Semi Monthly	ULA / MetLife	IAM / Aflac	Advantage
Spouse Coverage	Spouse (1x ABP, \$50K)	Spouse (\$50K, 10 yr term, issue age 35)	Advantage
Non-Tobacco	\$1.03	\$6.70	MetLife
Tobacco	\$1.03	\$13.02	MetLife
Child Coverage	Child (\$25K)	Child (\$25K)	Advantage
	\$.51	\$6.24	MetLife

## **GROUP UNIVERSAL LIFE & TERM LIFE – THINGS TO CONSIDER**

**If Supplemental Employee Term Life is installed, it would replace and cancel the existing IAM GUL coverage.**

ULA currently offers Group Universal Life (GUL) coverage as the company supplemental voluntary plan to IAM employees as outlined in the current CBA.

The attached fact sheet exhibit shows the differences between the bargained GUL coverage and term life insurance product.

ULA would be open to pursuing an employee term life product if the Union will agree to updating the language in the contract to allow for a supplemental voluntary life program versus specifically GUL. We are currently in a renewal cycle with our existing life carrier, MetLife, for 1/1/2019.

**Note:** closing the IAM GUL program may result in adverse tax consequences for certain certificate holders who have a cash value built that exceeds the value of their policy. A taxability-cost basis report has been requested from MetLife and we'll share non-identifiable impacts when we have it (will be within the negotiating period).

# **ALL-PLAN ROLL-UP SUMMARY**



## **ALL PLANS – OVERALL SUMMARY**

- **ULA's voluntary benefits program is the best value for IAM employees.** Leveraging ULA's and our insurance broker's relationships with high-performing carriers across the industry, we are able to negotiate for the best designs and costs for the plans we feel best meet the needs of our employees.
- **Variety, flexibility and choice.** Because of volume, we are able to offer more plans at better costs, and through administrative simplification, we can add new populations and programs more often and more readily than waiting for a specific negotiating cycle.
- If ULA's voluntary program is installed for IAM employees, **coverage would be available starting 1/1/2019.**