



<sup>1</sup>The Hartford® is The Hartford Financial Services Group, Inc. and its subsidiaries, including issuing companies Hartford Life Insurance Company and Hartford Life and Accident Insurance Company. Policies sold in New York are underwritten by Hartford Life Insurance Company. Home Office of both companies is Simsbury, CT. All benefits are subject to the terms and conditions of the policy. Policies underwritten by the issuing companies listed above detail exclusions, limitations, reduction of benefits and terms under which the policies may be continued in force or discontinued.



## Group Benefits from The Hartford

# Understanding Your Group Life Insurance for Your Employees

Employer's guide to life insurance beneficiary designations and assignments



### Mixed Sources

Product group from well-managed forests and recycled wood or fiber  
[www.fsc.org](http://www.fsc.org) Cert no. XXX-XXX-000  
© 1996 Forest Stewardship Council

The Hartford's Group Benefits Division is proud to print on Forest Stewardship Council-certified paper. FSC certification ensures that the paper we print on contains fiber from well-managed and responsibly harvested forests that meet strict environmental and socioeconomic standards.

## Providing You Expertise to Help You Understand Your Group Life Insurance

This guide provides helpful information to you as well as answers to commonly asked questions about life insurance beneficiary designations and assignments.

As a valued customer of The Hartford, we want to provide information to you to help remove burden when it comes to handling your employees' group life insurance benefits questions. By sponsoring a group life insurance or accidental death plan, whether paid by you as the employer or by the employee, your organization has recognized the importance of providing employees with an opportunity to help protect their families' financial future.



## About Beneficiary Designations

Maintaining your employees' beneficiary designations is an important part of your group benefits administration.

When you and your employees partner to maintain valid beneficiary designations, you both can help ensure that the death benefits payable are directed to the intended beneficiary or beneficiaries. If an employee doesn't have a valid designation, the policy provisions determine how benefits will be paid. The employee is automatically the beneficiary for dependent life coverage (either spouse/ domestic partner or children) and for accidental dismemberment benefits, if payable.

Things to remember to effectively manage the beneficiary records of your employees:

- Review beneficiary designations as they are submitted. If the designation is either incomplete or unclear, return it to the employee for correction.
- Check to see if they are complete, signed and dated by the employee. Do they include the beneficiary's name, date of birth, social security number, address and relationship to the employee?
- Check to see if the beneficiary percentages add up to 100% and if the employee names primary and contingent beneficiaries.
- Check to be sure that the designation lists your company's name or policy number on it.
- Retain the original designation and any subsequent changes made by the employee.
- Encourage your employees to regularly review their beneficiary designation (every year or two) to be sure that the designation is consistent with their wishes. They should also review their designation following life changing events to ensure that the designation is still appropriate.
- Encourage employees to keep a copy of the current designation with their other important papers, such as their will.
- Provide the original beneficiary designation and any subsequent changes to the Group Life Claims Office, along with any other required information at the time of a death claim.

### About Beneficiary Designations –

If no beneficiary is named, or if no beneficiary is living when the employee dies, the Hartford's Group Life Claim Examiner will determine how benefits are to be paid. In these circumstances, a preference beneficiary affidavit may be requested. A preference beneficiary affidavit is a form completed by the next of kin that helps to identify who is entitled to the life insurance benefit.

## Frequently Asked Questions

**Q: Can an employee name his or her employer as a beneficiary of The Hartford group life or accidental death insurance?**

**A:** Though not designed or sold for this purpose, employees may want to name their employer as beneficiary of their group life insurance, especially when the employer is a charitable organization. Employers such as ERISA plan sponsors may want to discourage this practice since they are ERISA fiduciaries of the plan. Employers are encouraged to consult their own legal counsel before accepting any such benefits from their employees.

### Naming a Beneficiary

**Q: Can an employee name anyone as beneficiary?**

**A:** An employee can name any person or entity they choose as a beneficiary. The beneficiary may be a relative, a friend, an acquaintance, a trust or a charity. The employee can change the beneficiary at any time without the consent of the beneficiary unless they have completed an assignment (if permitted by the policy) or an irrevocable beneficiary designation.

**Q: What is a primary beneficiary?**

**A:** A primary beneficiary is the beneficiary or beneficiaries that an employee names to receive the benefits if they are living at the time of the employee's death. The primary beneficiaries are the first in line to receive death benefits.

**Q: What is a contingent beneficiary?**

**A:** A contingent beneficiary, or secondary beneficiary, is the beneficiary or beneficiaries named to receive the insurance proceeds if no primary beneficiary is alive at the time an employee dies.

**Q: Who is the beneficiary for The Hartford dependent life coverage? Can this be changed?**

**A:** The beneficiary for all dependent life benefits (spouse/domestic partner or children) is automatically the employee. This cannot be changed.

&lt;/div

## About Life Insurance Assignments

Under a group life insurance policy, an insured who completes an assignment transfers the rights they have under the policy. The person completing the assignment is the **assignor**. The person or entity that they assign the rights to is the **assignee**.

### Funeral assignments

A funeral assignment is an assignment that is usually completed after the death of the insured by the beneficiary. This assignment transfers the rights of the policy benefits, up to the amount of the assignment, from the beneficiary to a funeral home, mortuary or cemetery. The funeral assignment should not be completed for more than the amount due for the services provided. Unless included on the assignment form, interest payable on the benefit, if any, will be paid to the named beneficiary. Each beneficiary who wants to take part in the assignment needs to sign the form.

**An assignment is the legal transfer of some or all of the interests from one individual or entity to another individual or entity.**

### Absolute assignments

This type of assignment transfers all rights, title and interest from the insured to the assignee. An absolute assignment must be completed by the individual who has the rights under the policy. (For group life insurance, the employee has the rights of the policy.) After an assignment has been made, the insured no longer has the right to exercise any of the options available on the policy. These options include the right to change the amount, to cancel the insurance, to convert, to exercise the portability feature, or to change a beneficiary. These rights now belong to the assignee.

### Collateral assignments

A collateral assignment is an assignment completed by an individual which uses the insurance being assigned as collateral for a debt. The assignment is generally made to a bank. The Hartford does not accept collateral assignments on group life insurance due to the fact that this is term insurance with no cash value and the insurance can simply terminate if the person leaves his/her job or for other reasons or due to administrative requirements.

### What is the Process for Requesting an Assignment?

#### • Funeral Assignments:

The Funeral Assignment form is provided by the funeral home, mortuary, or cemetery. The form must be signed by the beneficiary and must be notarized. A guardian for a minor or incompetent individual may not assign the benefits to a funeral home without the authorization of the appropriate probate court.

#### • Absolute Assignments:

The Hartford requires that an absolute assignment be completed on the Absolute Assignment and Beneficiary Designation form. An absolute assignment must be completed before the death of the insured. The insured must complete,

sign and date the assignment and the form must be notarized. In certain states, the spouse of the insured must also agree to the assignment because of community property laws. These states are listed on The Hartford's assignment form, and in these states, the spouse's acceptance must also be notarized. The assignee must then complete the beneficiary designation section. After the assignment has been completed, the group policyholder must consent to the assignment by signing the form. Finally, the assignment must be acknowledged by the Life Claim area of The Hartford. The Hartford, the policyholder and the assignee should retain a copy of the assignment.

## Frequently Asked Questions

### Q: Why would employees absolutely assign their group life insurance?

**A:** Absolute assignments are used primarily for three purposes: estate planning, fulfillment of an obligation under a divorce decree, or a viatical settlement.

### Q: What is a viatical settlement?

**A:** A viatical settlement is the assignment (or "sale") of an insured's life insurance coverage to a third party, known as a viatical settlement firm (VSF), in exchange for cash. The percent of the life insurance amount that the VSF will offer to the insured is dependent primarily on the person's life expectancy. VSFs will generally accept assignments from individuals with life expectancies of 24 months or less. If the insured assigns 100% of his/her insurance coverage, the firm will receive the full life insurance benefit upon the person's death. The difference between what the person is paid by the VSF and the full life insurance benefit paid, is the VSF's profit.

### Q: Which coverage is included in the absolute assignment of The Hartford group life insurance?

**A:** The absolute assignment transfers the rights, titles and interest on all employee life and accidental death benefits included under the specific policy number. (Dependent life insurance cannot be assigned.) For viatical assignments however, only the employee's life coverage is included. Dependent life and accidental death are excluded from viatical assignments.

### Q: Can The Hartford honor an assignment made prior to the effective date of our policy?

**A:** We can honor the assignment if the properly completed assignment form is generic to the employer's plan and does not name another insurance carrier, and the plan has not changed; or indicates that it applies to all subsequent or successor policies. If the assignment form does not meet one of these requirements, a statement of intent is necessary.

### Q: What is a statement of intent?

**A:** A statement of intent is the form used to confirm that an absolute assignment completed on a prior group life insurance carrier's policy is to remain in effect under the new group insurance policy. The statement of intent must be completed and signed by the insured who signed the absolute assignment. The form must then be acknowledged by The Hartford's Group Life Claim office.

### Q: Does an assignment end if the assignee dies?

**A:** No. If an insured dies after the death of the assignee, the benefits are payable to the assignee's estate or successors to the estate.

### Q: Can an assignment be terminated?

**A:** An assignment can be terminated if the assignee completes a Release of Assignment form. The form must be notarized and sent to The Hartford Group Life Claim office for acknowledgement. Once acknowledged, the rights provided under the assignment are returned to the insured.

### Q: Who do I contact if I have questions on a specific assignment?

**A:** Contact the group life claim office where claims under the policy are administered.

Hopefully this guide has been helpful in providing information about life insurance assignments and beneficiary designation. If you need additional information, please contact your local Hartford representative.